

**TOWN OF TISBURY, MASSACHUSETTS**

**Report on the Examination  
Of Basic Financial Statements**

**For the Year Ended June 30, 2015**

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## **Independent Auditor's Report**

To the Honorable Board of Selectmen  
Town of Tisbury, Massachusetts

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Tisbury, Massachusetts, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

#### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

#### ***Auditor's Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Tisbury, Massachusetts, as of June 30, 2015, and the respective changes in financial position, and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, pension plan and other post employment benefit plan schedules as listed on the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the *Governmental Accounting Standards Board*, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the Required Supplementary Information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Tisbury, Massachusetts' basic financial statements. The Supplementary Schedules, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the financial statements.

The Supplementary Schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

## **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated January 15, 2016, on our consideration of the Town of Tisbury Massachusetts' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Tisbury, Massachusetts' internal control over financial reporting and compliance.

*Scanlon and Associates, LLC*

Scanlon & Associates, LLC  
South Deerfield, Massachusetts

January 15, 2016

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

## Management's Discussion and Analysis

As management of the Town of Tisbury, we offer readers of these financial statements this narrative overview and analysis of the financial activities for the fiscal year ended June 30, 2015. The intent of this discussion and analysis is to look at the Town's financial performance as a whole. Readers should also review the notes to the basic financial statements and financial statements to enhance their understanding of the Town's financial performance.

### Financial Highlights

- The Town's assets exceeded its liabilities and deferred inflows of resources by \$31,551,242 (net position) for the fiscal year reported. This compares to the previous year when assets exceeded liabilities by \$29,558,046 or an increase of \$1,993,196 (7%).
- As required by Governmental Accounting Standards Board (GASB) Statement No. 68, in fiscal year 2015 the Town recognized their total net pension liability of \$6,510,775 along with a deferred inflow related to pension of \$60,901 on the statement of net position for the first time.
- At the close of the current fiscal year, the Town's governmental funds reported total ending fund balance of \$16,508,640 an increase of \$3,302,674 (25%) in comparison to the prior year.
- The General Fund's total fund balance increased \$1,745,978 (21%) to \$9,993,461. The ending General fund balance is 39% of revenues and transfers in and 42% of expenditures and transfers out.
- Total liabilities of the Town decreased by \$1,064,041 (3%) to \$32,421,639. The decrease was mainly attributed to an increase in the other post employment benefit (OPEB) liability of \$986,883, and decreases in the bond anticipation notes of \$1,824,779 and the net pension liability of \$334,995 from the prior year.
- The Town had General Fund free cash certified by the Department of Revenue in the amount of \$2,827,620. The key factors that attributed to the free cash amount for fiscal year 2015 were unexpended/unencumbered appropriations of \$1,583,200, excess over budget state and local receipt of \$638,600, and the surplus over budget other financing sources of \$81,700.
- The Town's enterprise funds certified free cash are as follows:
  - Sewer fund                      \$ 79,908.
  - Water works fund              \$ 662,288.

### Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Town of Tisbury's basic financial statements. These basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

**Government-wide financial statements.** The *government-wide financial statements* are designed to provide readers with a broad overview of finances, in a manner similar to private-sector business.

The *statement of net position* presents information on all assets and liabilities and deferred inflows of resources, with the difference between them reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position is improving or deteriorating.

The *statement of activities* presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to

the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities include general government, public safety, public works, education, health and human services, culture and recreation, employee benefits and insurance, intergovernmental assessments and interest. The business-type activities are sewer and the water works.

**Fund financial statements.** A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Fund accounting is used to ensure and demonstrate compliance with finance-related legal requirements. All of the funds can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

**Governmental funds.** *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund statements focus on *near-term inflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financial requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decision. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The Town of Tisbury adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget.

**Proprietary funds.** The Town maintains one type of proprietary fund.

*Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The Town uses enterprise funds to account for its sewer and water works activities.

**Fiduciary funds.** Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statements because the resources of those funds are *not* available to support the Town's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

**Notes to the basic financial statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.



## Financial Highlights

### Statement of Net Position Highlights

	Governmental Activities		
	2015	2014	Change
<b>Assets:</b>			
Current assets	\$ 20,439,242	\$ 17,739,849	\$ 2,699,393
Capital assets	20,325,939	20,861,317	(535,378)
<b>Total assets</b>	<b>40,765,181</b>	<b>38,601,166</b>	<b>2,164,015</b>
<b>Liabilities:</b>			
Current liabilities (excluding debt)	2,375,348	2,249,795	125,553
Current debt	964,539	1,678,779	(714,240)
Noncurrent liabilities (excluding debt)	13,331,699	6,290,015	7,041,684
Noncurrent debt	6,865,440	6,485,200	380,240
<b>Total liabilities</b>	<b>23,537,026</b>	<b>16,703,789</b>	<b>6,833,237</b>
<b>Deferred Inflows of Resources</b>			
Deferred Inflows related to pensions	56,680	-	56,680
<b>Net Position:</b>			
Net investment in capital assets	12,652,939	12,864,717	(211,778)
Restricted	5,510,261	4,796,108	714,153
Unrestricted	(991,725)	(2,134,806)	1,143,081
<b>Total net position</b>	<b>\$ 17,171,475</b>	<b>\$ 15,526,019</b>	<b>\$ 1,645,456</b>

	Business-Type Activities		
	2015	2014	Change
<b>Assets:</b>			
Current assets	\$ 3,761,756	\$ 4,929,725	\$ (1,167,969)
Noncurrent assets (excluding capital assets)	3,128,182	3,414,707	(286,525)
Capital assets	16,378,663	16,098,128	280,535
<b>Total assets</b>	<b>23,268,601</b>	<b>24,442,560</b>	<b>(1,173,959)</b>
<b>Liabilities:</b>			
Current liabilities (excluding debt)	366,799	414,350	(47,551)
Current debt	1,892,234	2,732,780	(840,546)
Noncurrent liabilities (excluding debt)	986,475	507,652	478,823
Noncurrent debt	5,639,105	6,281,339	(642,234)
<b>Total liabilities</b>	<b>8,884,613</b>	<b>9,936,121</b>	<b>(1,051,508)</b>
<b>Deferred Inflows of Resources</b>			
Deferred Inflows related to pensions	4,221	-	4,221
<b>Net Position:</b>			
Net investment in capital assets	9,829,841	8,143,555	1,686,286
Restricted	3,562,750	4,722,232	(1,159,482)
Unrestricted	987,176	1,166,240	(179,064)
<b>Total net position</b>	<b>\$ 14,379,767</b>	<b>\$ 14,032,027</b>	<b>\$ 347,740</b>

**Financial Highlights**  
**Statement of Activities Highlights**

	<b>Governmental Activities</b>		
	<b>2015</b>	<b>2014</b>	<b>Change</b>
<b>Program Revenues:</b>			
Charges for services	\$ 1,369,089	\$ 1,288,730	\$ 80,359
Operating grants and contributions	1,891,186	2,642,510	(751,324)
Capital grants and contributions	256,628	144,275	112,353
<b>General Revenues:</b>			
Property taxes	22,070,641	20,027,904	2,042,737
Motor vehicle excise and other taxes	875,957	772,090	103,867
Hotel room occupancy taxes	412,759	366,753	46,006
Penalties and interest on taxes	189,589	155,814	33,775
Nonrestricted grants	509,764	440,708	69,056
Unrestricted investment income	53,869	55,967	(2,098)
Miscellaneous	804	2,930	(2,126)
<b>Total revenues</b>	<b>27,630,286</b>	<b>25,897,681</b>	<b>1,732,605</b>
<b>Expenses:</b>			
General government	2,262,246	2,288,026	(25,780)
Public safety	3,473,414	3,806,663	(333,249)
Public works	1,776,900	1,881,476	(104,576)
Education	10,033,815	9,406,339	627,476
Health and human services	860,633	854,701	5,932
Culture and recreation	744,970	723,319	21,651
Employee benefits and insurance	5,113,602	5,886,456	(772,854)
State assessments	1,269,047	1,289,148	(20,101)
Interest	280,935	273,001	7,934
<b>Total expenses</b>	<b>25,815,562</b>	<b>26,409,129</b>	<b>(593,567)</b>
<b>Contributions to permanent funds</b>	<b>16,538</b>	<b>9,487</b>	<b>7,051</b>
<b>Transfers</b>	<b>(185,806)</b>	<b>(168,866)</b>	<b>(16,940)</b>
<b>Change in net position</b>	<b>1,645,456</b>	<b>(670,827)</b>	<b>2,316,283</b>
<b>Net position - beginning of year</b>	<b>15,526,019</b>	<b>16,196,846</b>	<b>(670,827)</b>
<b>Net position - end of year</b>	<b>\$ 17,171,475</b>	<b>\$ 15,526,019</b>	<b>\$ 1,645,456</b>

	Business-Type Activities		
	2015	2014	Change
<b>Program Revenues:</b>			
Charges for services	\$ 2,401,506	\$ 2,212,572	\$ 188,934
Operating grants and contributions	139,156	166,600	(27,444)
Capital grants and contributions	-	239,000	(239,000)
<b>Total revenues</b>	<b>2,540,662</b>	<b>2,618,172</b>	<b>(77,510)</b>
<b>Expenses:</b>			
Sewer	1,090,565	1,078,474	12,091
Water works	1,288,163	1,403,294	(115,131)
<b>Total expenses</b>	<b>2,378,728</b>	<b>2,481,768</b>	<b>(103,040)</b>
<b>Transfers</b>	<b>185,806</b>	<b>168,866</b>	<b>16,940</b>
<b>Change in net position</b>	<b>347,740</b>	<b>305,270</b>	<b>42,470</b>
<b>Net position - beginning of year</b>	<b>14,032,027</b>	<b>13,726,757</b>	<b>305,270</b>
<b>Net position - end of year</b>	<b>\$ 14,379,767</b>	<b>\$ 14,032,027</b>	<b>\$ 347,740</b>

### Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. Assets exceeded liabilities and deferred inflows of resources by \$31,551,242 at the close of fiscal year 2015.

Net position of \$22,482,780 reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment); less any related debt used to acquire those assets that are still outstanding. The Town uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the investment in its capital assets is reported net of its related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the net position, \$9,073,011 represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net position* (\$4,549) may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the Town is able to report positive balances in two categories of net position and a negative balance in the unrestricted category in the governmental activities and for the government as a whole. The unrestricted governmental activities resulted in a negative balance mainly due to the accrual of the OPEB obligation and net pension liabilities that are required under GASB Statements to be recognized in the Town's financial statements. These liabilities are presented on the statement of net position; OPEB obligation is \$6,935,826 and net pension is \$6,059,578.

The Town is able to report positive balances in all three categories of net position for the business-type activities.

The governmental activities net position increased by \$1,645,456 (11%) during the current fiscal year, which reflects the governmental activities results of operation. The key elements of the increase in net position for fiscal year 2015 was attributed to net decreases due to the depreciation expense (normally spread out over the useful life of the asset) for the year of \$1,189,681 exceeding the acquisition of \$654,303 in new capital assets, recognizing this year's OPEB obligation of \$960,562, and the net increase resulting from the repayment and issuance of debt for \$640,779.

There was an increase of \$347,740 (3%) in net position reported in connection with the sewer and water works business-type activities. Of this, there was a decrease of \$122,279 attributed to the sewer department and an increase of \$470,019 attributed to the water works department.

### **Financial Analysis of the Government's Funds**

As noted earlier, the Town uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental funds.** The focus of *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing financing requirements. In particular, the general fund *unassigned fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, governmental funds reported combined ending fund balances of \$16,508,640 an increase of \$3,302,674 (25%) in comparison with the prior year.

The breakdown of the governmental funds and the percentage of total fund governmental balance they represent are as follows:

- Non-spendable fund balance - \$591,748 (4%).
- Restricted fund balance- \$4,518,001 (27%).
- Committed fund balance - \$1,429,981 (9%).
- Assigned fund balance - \$2,488,607 (15%).
- Unassigned fund balance - \$7,480,303 (45%).

### **Major Governmental Funds**

At the end of the fiscal year, the General Fund reported a fund balance of \$9,993,461 increasing \$1,745,978 (21%) from the prior year. Of the \$9,993,461, the unassigned amount is \$7,504,854 (75%) and the assigned amount is \$2,488,607 (25%). General fund revenues were \$1,654,513 (7%) more than the prior fiscal year and expenditures also increased by \$294,611 (1%). Other activity in the General Fund is net transfers from other funds of \$176,120.

The main components of the increases in general fund revenues were related to increases in property taxes in the amount of \$2,028,280 (10%) and in licenses, permits and fees of \$143,011 (16%) and a decrease in intergovernmental – "On-behalf payments of \$595,189 (54%) due to the implementation of GASB Statement No. 68.

The major changes in the general fund expenditures from the prior fiscal year are as follows:

- Increase in General government expenditures of \$92,742 (5%).
- Decrease in Public works expenditures of \$180,565 (11%).
- Increase in Education expenditures of \$769,204 (9%).
- Decrease in Employee benefits and insurance expenditures of \$536,750 (11%).
- Increase in net Debt service expenditures (principal and interest) of \$102,814 (11%).

**Proprietary funds.** The *proprietary funds* statements share the same focus as the government-wide statements, reporting both short-term and long-term information about financial status.

The *Sewer Fund* has accumulated a fund balance of \$7,675,394 used in the financing and operations of the Town's sewer system. For the current fiscal year, the sewer fund shows a decrease of \$122,279 (2%) in total operations. This change was attributed to operating expenditures exceeding operating revenues by \$332,408, special assessments of \$55,714, intergovernmental revenues of \$134,052, interest expense of \$192,143 and net transfers in from the general fund of \$212,506. Operating revenues increased by \$154,152 (37%) while operating expenses also increased by \$24,223 (3%) from the prior year.

The *Water Works Fund* has accumulated a fund balance of \$6,704,373 used in the financing and operations of the Town's water system. The water works fund shows an increase of \$470,019 (8%) in total operations. This change resulted from operating revenues exceeding current operating costs by \$562,986, interest income of \$5,104, interest expense of \$71,371 and net transfers out to the general fund of \$26,700. Operating revenues increased by \$38,208 (2%) while operating expenses decreased by \$116,993 (9%) from the prior year.

### **General Fund Budgetary Highlights**

The final general fund budget for fiscal year 2015 was \$25,828,997. This was an increase of \$1,788,612 (7%) over the previous year's budget.

There was an increase between the original budget and the final amended budget. The change is attributed to the Town amending specific budget line items of the original budget during the Annual Town Meeting in April 2015 for various budget operating line items.

General fund expenditures were less than budgeted by \$2,701,960. Of the \$2,701,960 in under budget expenditures \$1,118,772 has been carried over to fiscal year 2016.

There is a negative variance in investment income of \$2,942 as a result of the current economic conditions.

Overall, the variance with the final budget was a positive \$2,264,216 consisting of a revenue surplus of \$681,028 and an appropriation surplus of \$1,583,188.

### **Capital Assets and Debt Administration**

**Capital Assets** - The Town's investment in capital assets for its governmental and business-type activities amounts to \$20,325,939 and \$16,378,663, respectively.

The investment in capital assets includes land, construction in progress, buildings and renovations, machinery, equipment and other and infrastructure.

Major capital events during the current fiscal year in the governmental type funds included the following:

- Off-island vehicle for \$21,510.
- Town Hall improvements for \$53,870.
- Animal control officer vehicle for \$27,314.
- Harbormaster vehicle for \$27,357.
- Police vehicle for \$30,687.
- Highway vehicle and equipment for \$210,228.
- School improvements for \$283,337.

Major capital events during the current fiscal year in the business-type funds included the following:

#### ***Sewer Fund:***

- Sewer vehicles for \$70,700.
- Sewer infrastructure improvements for \$146,740.

#### ***Water Works Fund:***

- Water vehicle for \$33,447.
- Water infrastructure improvements for \$574,390.

**Debt Administration** - The Town's outstanding long term governmental debt, as of June 30, 2015 totaled \$7,829,979. Of this, \$5,890,000 is for the public safety facility, \$90,000 is for the Town hall annex relocation and trailers, \$525,000 is for the department equipment, \$270,000 is for sidewalks and road paving, \$50,000 is

for the Lake Street landing seawall, \$450,000 is for the harbor and channel dredging, \$275,000 is for the school roof, \$123,000 is for the landfill closure and \$156,979 is for the Title V septic repair program.

The business-type funds have \$3,851,261 in sewer debt and \$2,430,078 in water works debt.

The Town also has \$1,250,000 in business-type temporary debt for the sewer department.

Please refer to notes 3D, 3F and 3G for further discussion of the major capital and debt activity.

### Next Year's Annual Town Meeting

The Town of Tisbury operates under the "Open Meeting" concept where each voter has an equal vote in adopting of Town budgets and appropriations. The financial statements for June 30, 2015 do not reflect the fiscal year 2016 Town Meeting action except for the free cash amount. The Annual Town Meeting on April 14, 2015 authorized a fiscal year 2016 operating and capital budget as follows:

From the tax levy		\$	23,179,536
From sewer user charges	\$	721,610	
From sewer betterments		150,000	
From sewer fund balance		40,218	911,828
From water user charges		1,426,561	
From water fund balance		60,000	1,486,561
From Other Available Funds:			
<b>General Fund:</b>			
Unassigned fund balance:			
Free cash			1,369,834
Ambulance Stabilization fund			12,667
<b>Non-major Governmental Funds:</b>			
Community preservation revenues	\$	645,737	
Landfill trash fees		90,000	
Waterways fund		61,250	796,987
			<u>\$ 27,757,413</u>

### Requests for Information

This financial report is designed to provide a general overview of the Town of Tisbury's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Town Accountant and Town Treasurer, Town Hall, Spring Street, Tisbury, Massachusetts.

## **BASIC FINANCIAL STATEMENTS**

**TOWN OF TISBURY, MASSACHUSETTS**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2015**

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<b>ASSETS</b>			
<b>CURRENT:</b>			
Cash and Cash Equivalents	\$ 15,212,120	\$ 3,072,376	\$ 18,284,496
Investments	2,977,036	-	2,977,036
Receivables, net of allowance for uncollectibles:			
Property Taxes	632,778	-	632,778
Tax Liens	723,602	-	723,602
Excise Taxes	133,971	-	133,971
Departmental	339,839	-	339,839
User Charges	-	317,992	317,992
Special Assessments	-	212,382	212,382
Due from Other Governments	419,896	159,006	578,902
Total current assets	20,439,242	3,761,756	24,200,998
<b>NONCURRENT:</b>			
Receivables, net of allowance for uncollectibles:			
Special Assessments	-	2,228,651	2,228,651
Due from Other Governments	-	899,531	899,531
Capital Assets, net of accumulated Depreciation:			
Nondepreciable	4,387,745	1,230,435	5,618,180
Depreciable	15,938,194	15,148,228	31,086,422
Total noncurrent assets	20,325,939	19,506,845	39,832,784
<b>Total Assets</b>	<b>40,765,181</b>	<b>23,268,601</b>	<b>64,033,782</b>
<b>LIABILITIES</b>			
<b>CURRENT:</b>			
Warrants Payable	1,317,962	230,997	1,548,959
Accrued Payroll	424,666	5,591	430,257
Payroll Withholdings	288,012	-	288,012
Accrued Interest	80,578	95,519	176,097
Compensated Absences	264,130	34,692	298,822
Bond Anticipation Notes Payable	-	1,250,000	1,250,000
Bonds Payable	964,539	642,234	1,606,773
Total current liabilities	3,339,887	2,259,033	5,598,920
<b>NONCURRENT:</b>			
Compensated Absences	336,295	36,415	372,710
OPEB Obligation Payable	6,935,826	498,863	7,434,689
Net Pension Liability	6,059,578	451,197	6,510,775
Bonds Payable	6,865,440	5,639,105	12,504,545
Total noncurrent liabilities	20,197,139	6,625,580	26,822,719
<b>Total Liabilities</b>	<b>23,537,026</b>	<b>8,884,613</b>	<b>32,421,639</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred Inflows Related to Pensions	56,680	4,221	60,901
<b>NET POSITION</b>			
Net Investment in Capital Assets	12,652,939	9,829,841	22,482,780
Restricted for:			
Capital Projects	810,074	455,538	1,265,612
Federal & State Grants	359,687	-	359,687
Community Preservation	2,071,401	-	2,071,401
Permanent Funds:			
Expendable	461,740	-	461,740
Nonexpendable	591,748	-	591,748
Other Purposes	1,215,611	3,107,212	4,322,823
Unrestricted	(991,725)	987,176	(4,549)
<b>Total Net Position</b>	<b>\$ 17,171,475</b>	<b>\$ 14,379,767</b>	<b>\$ 31,551,242</b>

The Notes to the Financial Statements are an integral part of this Statement.



**TOWN OF TISBURY, MASSACHUSETTS  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2015**

	Program Revenues				Net (Expenses) Revenues and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
<b>Governmental Activities:</b>							
General Government	\$ 2,262,246	\$ 187,394	\$ 409,221	\$ -	\$ (1,665,631)	\$ -	\$ (1,665,631)
Public Safety	3,473,414	935,836	38,397	-	(2,499,181)	-	(2,499,181)
Public Works	1,776,900	113,901	2,126	256,628	(1,404,245)	-	(1,404,245)
Education	10,033,815	70,879	740,147	-	(9,222,789)	-	(9,222,789)
Health and Human Services	860,633	43,965	27,129	-	(789,539)	-	(789,539)
Culture and Recreation	744,970	17,114	173,653	-	(554,203)	-	(554,203)
Employee Benefits and Insurance	5,113,602		491,954	-	(4,621,648)	-	(4,621,648)
Intergovernmental Assessments	1,269,047		-	-	(1,269,047)	-	(1,269,047)
Interest	280,935	-	8,559	-	(272,376)	-	(272,376)
<b>Total Governmental Activities</b>	<b>25,815,562</b>	<b>1,369,089</b>	<b>1,891,186</b>	<b>256,628</b>	<b>(22,298,659)</b>	<b>-</b>	<b>(22,298,659)</b>
<b>Business-Type Activities:</b>							
Sewer	1,090,565	621,728	134,052	-	-	(334,785)	(334,785)
Water Works Fund	1,288,163	1,779,778	5,104	-	-	496,719	496,719
<b>Total Primary Government</b>	<b>\$ 28,194,290</b>	<b>\$ 3,770,595</b>	<b>\$ 2,030,342</b>	<b>\$ 256,628</b>	<b>(22,298,659)</b>	<b>161,934</b>	<b>(22,136,725)</b>
<b>General Revenues:</b>							
Property Taxes					22,070,641	-	22,070,641
Motor vehicle excise and other taxes					875,957	-	875,957
Hotel room occupancy and meal taxes					412,759	-	412,759
Penalties & Interest on taxes					189,589	-	189,589
Grants & Contributions not restricted to specific programs					509,764	-	509,764
Unrestricted Investment Income					53,869	-	53,869
Miscellaneous					804	-	804
<b>Contributions to Permanent Funds</b>					16,538	-	16,538
<b>Transfers, net</b>					(185,806)	185,806	-
<b>Total General Revenues, Contributions and Transfers</b>					<b>23,944,115</b>	<b>185,806</b>	<b>24,129,921</b>
<b>Change in Net Position</b>					<b>1,645,456</b>	<b>347,740</b>	<b>1,993,196</b>
<b>Net Position:</b>							
Beginning of year (as restated)					15,526,019	14,032,027	29,558,046
End of year					<b>\$ 17,171,475</b>	<b>\$ 14,379,767</b>	<b>\$ 31,551,242</b>

The Notes to the Financial Statements are an integral part of this Statement.

**TOWN OF TISBURY, MASSACHUSETTS**  
**BALANCE SHEET - GOVERNMENTAL FUNDS**  
**JUNE 30, 2015**

	<b>General Fund</b>	<b>Nonmajor Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>Assets:</b>			
Cash and Cash Equivalents	\$ 8,991,444	\$ 6,220,676	\$ 15,212,120
Investments	2,780,864	196,172	2,977,036
Receivables, net of allowance for uncollectibles:			
Property Taxes	616,413	16,365	632,778
Tax Liens	708,272	15,330	723,602
Excise Taxes	133,971	-	133,971
Departmental	70,145	269,694	339,839
Due from Other Governments	17,070	402,826	419,896
<b>Total Assets</b>	<b>\$ 13,318,179</b>	<b>\$ 7,121,063</b>	<b>\$ 20,439,242</b>
<b>Liabilities:</b>			
Warrants Payable	\$ 1,270,449	\$ 47,513	\$ 1,317,962
Accrued Payroll	423,786	880	424,666
Payroll Withholdings	288,012	-	288,012
<b>Total Liabilities</b>	<b>1,982,247</b>	<b>48,393</b>	<b>2,030,640</b>
<b>Deferred Inflows of Resources:</b>			
Unavailable Revenue	1,342,471	557,491	1,899,962
<b>Fund Balance:</b>			
Nonspendable	-	591,748	591,748
Restricted	-	4,518,001	4,518,001
Committed	-	1,429,981	1,429,981
Assigned	2,488,607	-	2,488,607
Unassigned	7,504,854	(24,551)	7,480,303
<b>Total Fund Balance</b>	<b>9,993,461</b>	<b>6,515,179</b>	<b>16,508,640</b>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<b>\$ 13,318,179</b>	<b>\$ 7,121,063</b>	<b>\$ 20,439,242</b>

The Notes to the Financial Statements are an integral part of this Statement.

**TOWN OF TISBURY, MASSACHUSETTS  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCES - GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2015**

	<b>General Fund</b>	<b>Nonmajor Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>Revenues:</b>			
Property Taxes	\$ 21,477,269	\$ 551,407	\$ 22,028,676
Intergovernmental	704,607	750,284	1,454,891
Excise and Other Taxes	831,490	15,403	846,893
Hotel Room Occupancy and Meal Taxes	412,759	-	412,759
Licenses, Permits, Fees	1,029,663	-	1,029,663
Charges for Services	-	437,974	437,974
Gifts and Donations	-	27,454	27,454
Interest on Taxes	187,238	2,351	189,589
Investment Income	53,869	3,759	57,628
Other	-	382,314	382,314
Intergovernmental - "On-behalf" Payments	507,463	-	507,463
<b>Total Revenues</b>	<b>25,204,358</b>	<b>2,170,946</b>	<b>27,375,304</b>
<b>Expenditures:</b>			
Current:			
General Government	1,916,057	351,602	2,267,659
Public Safety	2,924,446	179,170	3,103,616
Public Works	1,406,038	249,688	1,655,726
Education	9,623,829	537,517	10,161,346
Health and Human Services	503,634	228,965	732,599
Culture and Recreation	537,037	118,152	655,189
Employee Benefits and Insurance	4,383,495	24,645	4,408,140
Intergovernmental Assessments	1,269,047	-	1,269,047
Debt Service:			
Principal	809,000	-	809,000
Interest	261,917	12,364	274,281
<b>Total Expenditures</b>	<b>23,634,500</b>	<b>1,702,103</b>	<b>25,336,603</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>1,569,858</b>	<b>468,843</b>	<b>2,038,701</b>
<b>Other Financing Sources (Uses):</b>			
Operating Transfers In	562,945	174,319	737,264
Operating Transfers Out	(386,825)	(536,245)	(923,070)
Proceeds from the issuance of bonds and notes	-	1,449,779	1,449,779
<b>Total Other Financing Sources (Uses)</b>	<b>176,120</b>	<b>1,087,853</b>	<b>1,263,973</b>
<b>Net Change in Fund Balances</b>	<b>1,745,978</b>	<b>1,556,696</b>	<b>3,302,674</b>
<b>Fund Balances, Beginning of Year</b>	<b>8,247,483</b>	<b>4,958,483</b>	<b>13,205,966</b>
<b>Fund Balances, End of Year</b>	<b>\$ 9,993,461</b>	<b>\$ 6,515,179</b>	<b>\$ 16,508,640</b>

The Notes to the Financial Statements are an integral part of this Statement.

**TOWN OF TISBURY, MASSACHUSETTS**  
**Reconciliation of the Governmental Funds Balance Sheet**  
**Total Fund Balances to the Statement of Net Position**  
**For the Year Ended June 30, 2015**

<b>Total Governmental Fund Balances</b>	\$	16,508,640
Capital Assets (net) used in governmental activities are not financial resources and therefore, are not reported in the funds.		20,325,939
Revenues are recognized on an accrual basis of accounting instead of a modified accrual basis.		1,899,962
Certain changes in the net pension liability are required to be included in pension expense over future periods. These changes are reported as deferred outflows of resources or (deferred inflows of resources) related to pensions		(56,680)
Long Term liabilities are not due and payable in the current period and therefore, are not reported in the governmental funds:		
Bonds Payable	\$	(7,829,979)
Other Post Employment Benefits Payable		(6,935,826)
Net Pension Liability		(6,059,578)
Compensated Absences		(600,425)
		(21,425,808)
In the statement of activities, interest is accrued on outstanding long term debt, whereas in governmental funds, interest is not reported until due.		(80,578)
<b>Net Position of Governmental Activities</b>	<b>\$</b>	<b>17,171,475</b>

The Notes to the Financial Statements are an integral part of this Statement.

**TOWN OF TISBURY, MASSACHUSETTS**  
**Reconciliation of the Statement of Revenues, Expenditures**  
**and Changes in Fund Balances of Governmental Funds**  
**to the Statement of Activities**  
**For the Year Ended June 30, 2015**

**Net Change in Fund Balances - Total Governmental Funds** **\$ 3,302,674**

Governmental Funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and are reported as depreciation expense:

Capital Outlay Purchases	\$ 654,303	
Depreciation	<u>(1,189,681)</u>	(535,378)

Revenue in the Statement of Activities that do not provide current financial resources are fully deferred in the Statement of Revenues, Expenditures and Changes in Fund Balances. Therefore, the recognition of revenue for various types of accounts receivable (i.e., real estate and personal property, motor vehicle excise, etc.) differ between the two statements. This amount represents the net change in unavailable revenue 271,520

The issuance of long-term debt (e.g., bonds and leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the financial resources of governmental funds. Neither transaction, however, has any effect on net assets:

Repayment of Debt Principal	809,000	
Proceeds from Issuance of Bonds	<u>(1,449,779)</u>	(640,779)

Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds:

Net Change in Compensated Absences	(40,465)	
Net Change in Other Post Employment Benefits	(960,562)	
Net Change in Net Pension Liability	311,780	
Net Change in Deferred Outflow/(Inflow) of Resources Related to Pensions	(56,680)	
Net Change in Accrued Interest	<u>(6,654)</u>	(752,581)

**Change in Net Position of Governmental Activities** **\$ 1,645,456**

The Notes to the Financial Statements are an integral part of this Statement.

**TOWN OF TISBURY, MASSACHUSETTS**  
**STATEMENT OF REVENUES AND EXPENDITURES - BUDGETARY BASIS -**  
**(NON-GAAP) - BUDGET AND ACTUAL - GENERAL FUND**  
**FOR THE YEAR ENDED JUNE 30, 2015**

	Budgeted Amounts					
	Amounts Carried Forward from Prior Year	Original Budget	Final Budget	Actual Budgetary Basis	Amounts Carried Forward to Next Year	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>						
Property Taxes	\$ -	\$ 21,407,419	\$ 21,407,419	\$ 21,449,869	\$ -	\$ 42,450
Intergovernmental	-	694,237	694,237	704,607	-	10,370
Excise and Other Taxes	-	650,000	650,000	831,490	-	181,490
Hotel Room Occupancy and Meal Taxes	-	330,000	330,000	412,759	-	82,759
Licenses, Permits, Fees	-	750,000	750,000	1,029,663	-	279,663
Interest on Taxes	-	100,000	100,000	187,238	-	87,238
Investment Income	-	20,000	20,000	17,058	-	(2,942)
<b>Total Revenues</b>	-	23,951,656	23,951,656	24,632,684	-	681,028
<b>Expenditures:</b>						
Current:						
General Government	333,075	2,204,780	2,599,179	1,916,057	449,229	233,893
Public Safety	266,976	2,939,243	3,568,595	2,924,446	442,363	201,786
Public Works	100,811	1,487,217	1,700,777	1,406,038	108,480	186,259
Education	-	9,651,908	9,662,408	9,623,829	11,649	26,930
Health and Human Services	21,174	548,424	569,598	503,634	26,294	39,670
Culture and Recreation	-	612,993	612,993	537,037	60,913	15,043
Employee Benefits and Insurance	100,000	4,533,594	4,595,481	3,891,955	19,844	683,682
Intergovernmental Assessments	-	1,374,589	1,374,589	1,269,047	-	105,542
Debt Service:						
Principal	-	872,224	872,224	801,636	-	70,588
Interest	-	273,153	273,153	253,358	-	19,795
<b>Total Expenditures</b>	822,036	24,498,125	25,828,997	23,127,037	1,118,772	1,583,188
<b>Excess of Revenues Over (Under) Expenditures</b>	(822,036)	(546,469)	(1,877,341)	1,505,647	(1,118,772)	2,264,216
<b>Other Financing Sources (Uses):</b>						
Operating Transfers In	-	151,634	481,262	562,945	-	81,683
Operating Transfers (Out)	-	(557,506)	(571,825)	(571,825)	-	-
<b>Total Other Financing Sources (Uses)</b>	-	(405,872)	(90,563)	(8,880)	-	81,683
<b>Net Change in Budgetary Fund Balance</b>	(822,036)	(952,341)	(1,967,904)	\$ 1,496,767	\$ (1,118,772)	\$ 2,345,899
<b>Other Budgetary Items:</b>						
Free Cash and Other Reserves	-	952,341	1,145,868			
Prior Year Encumbrances	822,036	-	822,036			
<b>Total Other Budgetary Items</b>	822,036	952,341	1,967,904			
<b>NET BUDGET</b>	\$ -	\$ -	\$ -			

The Notes to the Financial Statements are an integral part of this Statement.

**TOWN OF TISBURY, MASSACHUSETTS**  
**Reconciliation of Revenues and Expenditures**  
**from Budgetary Basis to GAAP Basis**  
**For the Year Ended June 30, 2015**

	<b>Revenues</b>	<b>Expenditures</b>
<b>Reported on a Budgetary Basis</b>	\$ 24,632,684	\$ 23,127,037
<u>Adjustments:</u>		
Activity for Stabilization Fund Recorded in the General Fund for GAAP Purposes	36,811	-
Recognition of Intergovernmental Revenue - "on behalf payments"	507,463	-
Recognition of Expenditures - "on behalf payments"	-	507,463
Net Increase in Revenue from Recording 60-Day Receipts	27,400	-
<b>Reported on a GAAP Basis</b>	<b>\$ 25,204,358</b>	<b>\$ 23,634,500</b>

The Notes to the Financial Statements are an integral part of this Statement.

**TOWN OF TISBURY, MASSACHUSETTS**  
**STATEMENT OF NET POSITION - PROPRIETARY FUNDS**  
**JUNE 30, 2015**

	Business-Type Activities Enterprise Funds		
	Sewer Fund	Water Works Fund	Total
<b>ASSETS</b>			
<b>CURRENT:</b>			
Cash and Cash Equivalents	\$ 1,287,436	\$ 1,784,940	\$ 3,072,376
Receivables, net of allowance for uncollectibles:			
User Charges	223,888	94,104	317,992
Special Assessments	212,382	-	212,382
Due from Other Governments	159,006	-	159,006
Total current assets	1,882,712	1,879,044	3,761,756
<b>NONCURRENT:</b>			
Receivables, net of allowance for uncollectibles:			
Special Assessments	2,228,651	-	2,228,651
Due from Other Governments	899,531	-	899,531
Capital Assets, net of accumulated depreciation:			
Nondepreciable	848,835	381,600	1,230,435
Depreciable	7,329,774	7,818,454	15,148,228
Total noncurrent assets	11,306,791	8,200,054	19,506,845
<b>Total Assets</b>	<b>13,189,503</b>	<b>10,079,098</b>	<b>23,268,601</b>
<b>LIABILITIES</b>			
<b>CURRENT:</b>			
Warrants Payable	95,683	135,314	230,997
Accrued Payroll	2,049	3,542	5,591
Accrued Interest	75,972	19,547	95,519
Compensated Absences	11,855	22,837	34,692
Bond Anticipation Notes Payable	1,250,000	-	1,250,000
Bonds Payable	363,312	278,922	642,234
Total current liabilities	1,798,871	460,162	2,259,033
<b>NONCURRENT:</b>			
Compensated Absences	2,776	33,639	36,415
OPEB Obligation Payable	50,363	448,500	498,863
Net Pension Liability	172,536	278,661	451,197
Bonds Payable	3,487,949	2,151,156	5,639,105
Total noncurrent liabilities	3,713,624	2,911,956	6,625,580
<b>Total Liabilities</b>	<b>5,512,495</b>	<b>3,372,118</b>	<b>8,884,613</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred Inflows Related to Pensions	1,614	2,607	4,221
<b>NET POSITION</b>			
Net Investment in Capital Assets	4,059,865	5,769,976	9,829,841
Restricted for Capital Projects	401,164	54,374	455,538
Restricted for Special Assessments	3,107,212	-	3,107,212
Unrestricted	107,153	880,023	987,176
<b>Total Net Position</b>	<b>\$ 7,675,394</b>	<b>\$ 6,704,373</b>	<b>\$ 14,379,767</b>

The Notes to the Financial Statements are an integral part of this Statement.



**TOWN OF TISBURY, MASSACHUSETTS**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**  
**PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2015**

	Business-Type Activities Enterprise Funds		
	Sewer Fund	Water Works Fund	Total
<b>Operating Revenues:</b>			
Charges for Services	\$ 566,014	\$ 1,631,139	\$ 2,197,153
Other	-	148,639	148,639
<b>Total Operating Revenues</b>	<b>566,014</b>	<b>1,779,778</b>	<b>2,345,792</b>
<b>Operating Expenses:</b>			
Salaries & Wages	295,030	413,263	708,293
Operating Expenses	279,443	582,736	862,179
Depreciation	323,949	220,793	544,742
<b>Total Operating Expenses</b>	<b>898,422</b>	<b>1,216,792</b>	<b>2,115,214</b>
<b>Operating Income (Loss)</b>	<b>(332,408)</b>	<b>562,986</b>	<b>230,578</b>
<b>Non-Operating Revenues (Expenses):</b>			
Interest Income	-	5,104	5,104
Special Assessments	55,714	-	55,714
Intergovernmental	134,052	-	134,052
Interest Expense	(192,143)	(71,371)	(263,514)
<b>Total Non-Operating Revenues (Expenses)</b>	<b>(2,377)</b>	<b>(66,267)</b>	<b>(68,644)</b>
<b>Income (Loss) Before Operating Transfers</b>	<b>(334,785)</b>	<b>496,719</b>	<b>161,934</b>
<b>Operating Transfers:</b>			
Transfer In	212,506	-	212,506
Transfer (Out)	-	(26,700)	(26,700)
<b>Total Operating Transfers</b>	<b>212,506</b>	<b>(26,700)</b>	<b>185,806</b>
<b>Change in Net Position</b>	<b>(122,279)</b>	<b>470,019</b>	<b>347,740</b>
<b>Net Position at Beginning of Year - as restated</b>	<b>7,797,673</b>	<b>6,234,354</b>	<b>14,032,027</b>
<b>Net Position at End of Year</b>	<b>\$ 7,675,394</b>	<b>\$ 6,704,373</b>	<b>\$ 14,379,767</b>

The Notes to the Financial Statements are an integral part of this Statement.

**TOWN OF TISBURY, MASSACHUSETTS  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2015**

	<b>Business-Type Activities Enterprise Funds</b>		
	<b>Sewer Fund</b>	<b>Water Works Fund</b>	<b>Total</b>
<b>Cash Flows From Operating Activities:</b>			
Receipts from Customers and Users	\$ 503,288	\$ 1,598,177	\$ 2,101,465
Receipts from Other Revenues	-	148,639	148,639
Payments to Vendors	(217,818)	(465,481)	(683,299)
Payments to Employees	(292,042)	(413,514)	(705,556)
<b>Net Cash Provided by (Used for) Operating Activities</b>	<b>(6,572)</b>	<b>867,821</b>	<b>861,249</b>
<b>Cash Flows from Noncapital Financing Activities:</b>			
Transfers from (to) Other Funds	212,506	(26,700)	185,806
<b>Net Cash Provided by (Used for) Noncapital Financing Activities</b>	<b>212,506</b>	<b>(26,700)</b>	<b>185,806</b>
<b>Cash Flows from Capital and Related Financing Activities:</b>			
Special Assessments	247,919	-	247,919
Intergovernmental	223,207	-	223,207
Acquisition and Construction of Capital Assets	(421,229)	(607,837)	(1,029,066)
Principal Payments on Bonds and Notes	(353,858)	(1,128,922)	(1,482,780)
Interest Expense	(203,710)	(76,551)	(280,261)
<b>Net Cash Provided by (Used for) Capital and Related Financing Activities</b>	<b>(507,671)</b>	<b>(1,813,310)</b>	<b>(2,320,981)</b>
<b>Cash Flows from Investing Activities:</b>			
Investment Income	-	5,104	5,104
<b>Net Cash Provided by (Used for) Investing Activities</b>	<b>-</b>	<b>5,104</b>	<b>5,104</b>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>(301,737)</b>	<b>(967,085)</b>	<b>(1,268,822)</b>
<b>Cash and Cash Equivalents at Beginning of Year</b>	<b>1,589,173</b>	<b>2,752,025</b>	<b>4,341,198</b>
<b>Cash and Cash Equivalents at End of Year</b>	<b>\$ 1,287,436</b>	<b>\$ 1,784,940</b>	<b>\$ 3,072,376</b>

**Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used For) Operating Activities:**

<b>Operating Income (Loss)</b>	<b>\$ (332,408)</b>	<b>\$ 562,986</b>	<b>\$ 230,578</b>
<b>Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:</b>			
Depreciation	323,949	220,793	544,742
Deferred (Outflows)/Inflows of Resources Related to Pensions	1,614	2,607	4,221
Change in Assets and Liabilities:			
Increase (Decrease) in Warrants Payable	61,266	110,287	171,553
Increase (Decrease) in Accrued Payroll	(2,849)	(5,509)	(8,358)
Increase (Decrease) in Compensated Absences	5,837	5,258	11,095
Increase (Decrease) in OPEB Obligation Payable	7,622	18,699	26,321
Increase (Decrease) in Net Pension Liability	(8,877)	(14,338)	(23,215)
Decrease (Increase) in User Charges Receivable	(62,726)	(32,962)	(95,688)
<b>Total Adjustments</b>	<b>325,836</b>	<b>304,835</b>	<b>630,671</b>
<b>Net Cash Provided by (Used for) Operating Activities</b>	<b>\$ (6,572)</b>	<b>\$ 867,821</b>	<b>\$ 861,249</b>

The Notes to the Financial Statements are an integral part of this Statement.

**TOWN OF TISBURY, MASSACHUSETTS  
FIDUCIARY FUNDS  
STATEMENT OF FIDUCIARY NET POSITION  
JUNE 30, 2015**

	<div> <div>Other</div> <div>Postemployment</div> <div>Benefits</div> <div>Trust Fund</div> </div> <div> <div>Private</div> <div>Purpose</div> <div>Trust Funds</div> </div> <div> <div>Agency</div> <div>Funds</div> </div>		
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 492,995	\$ 6,447	\$ 163,049
Investments	-	279,865	-
<b>Total Assets</b>	<b>492,995</b>	<b>286,312</b>	<b>163,049</b>
<b>LIABILITIES</b>			
Warrants Payable	-	100	67,905
Due to Others	-	-	29,028
Due to Student Groups	-	-	35,796
Escrows and Deposits	-	-	30,320
<b>Total Liabilities</b>	<b>-</b>	<b>100</b>	<b>163,049</b>
<b>NET POSITION:</b>			
Held in Trust for Other Purposes	\$ 492,995	\$ 286,212	\$ -

The Notes to the Financial Statements are an integral part of this Statement.

**TOWN OF TISBURY, MASSACHUSETTS  
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2015**

	<b>Other Postemployment Benefits Trust Fund</b>	<b>Private Purpose Trust Funds</b>
<b>Additions:</b>		
Contributions	\$ 212,000	\$ -
Investment Income	602	4,070
<b>Total Additions</b>	<u>212,602</u>	<u>4,070</u>
<b>Deductions:</b>		
General Expenses	-	2,335
<b>Total Deductions</b>	<u>-</u>	<u>2,335</u>
<b>Change in Net Position</b>	<u>212,602</u>	<u>1,735</u>
<b>Net Position at Beginning of Year</b>	<u>280,393</u>	<u>284,477</u>
<b>Net Position at End of Year</b>	<u><u>\$ 492,995</u></u>	<u><u>\$ 286,212</u></u>

The Notes to the Financial Statements are an integral part of this Statement.

**TOWN OF TISBURY, MASSACHUSETTS**  
**Notes to the Financial Statements**  
**Year Ended June 30, 2015**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accompanying basic financial statements of the Town of Tisbury, Massachusetts (the Town) have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP). The Governmental Accounting Standards Board (GASB) is the recognized standard-setting body for establishing governmental accounting and financial reporting principles. The significant Town accounting policies are described herein.

**A. Reporting Entity**

The Town was incorporated in 1671 under the laws of the Commonwealth of Massachusetts. The Town is governed by an elected three member Board of Selectmen.

For financial reporting purposes, the Town has included all funds, organizations, account groups, agencies, boards, commissions and institutions. The Town has also considered all potential component units for which it is financially accountable as well as other organizations for which the nature and significance of their relationship with the Town are such that exclusion would cause the basic financial statements to be misleading or incomplete. In fiscal year 2015, it was determined that no entities met the required GASB-39 and GASB-61 criteria of component units.

The Town is responsible for electing the governing board and/or committee members of the Martha's Vineyard Regional High School District, the Martha's Vineyard Land Bank Commission and the Martha's Vineyard Commission. These related organizations are excluded from the financial reporting entity because the Town's accountability does not extend beyond the Town electing the board and/or committee members. Audited financial statements are available from the respective organizations. Descriptions of the related organizations are as follows:

**Martha's Vineyard Regional High School District** - A regional school district made up of six towns to serve and provide education to the Town's students. The regional school district is a separate entity under the Commonwealth of Massachusetts. The Town elects three school committee members for its representation. The District is responsible for both the operating and capital costs related to the school and operates independently from the Town.

**Martha's Vineyard Land Bank Commission** - A public body that was created to acquire, hold and manage land on the island of Martha's Vineyard in its natural, scenic or open condition. The commission is an autonomous and self-sufficient agency under the Commonwealth of Massachusetts general laws. The Town has no significant influence over management, budget or policies of the authority.

**Martha's Vineyard Commission** - A regional planning agency for Dukes County. The agency is an autonomous and self-sufficient agency. The Town has no significant influence over management, budget or policies of the agency.

**B. Government-Wide and Fund Financial Statements**

**Government-Wide Financial Statements**

The government-wide financial statements (e.g., statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the primary government. Governmental activities, which are primarily supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which are supported primarily by user fees and charges.

**TOWN OF TISBURY, MASSACHUSETTS**  
**Notes to the Financial Statements**  
**Year Ended June 30, 2015**

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

**Fund financial statements**

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. Non-major funds are aggregated and displayed in a single column.

Because governmental fund statements are presented using a measurement focus and basis of accounting different from that used in the government-wide statements' governmental column, a reconciliation is presented that briefly explains the adjustment necessary to reconcile ending net position and the change in net position.

**Major Fund Criteria**

Major funds must be reported if the following criteria are met:

- If the total assets, liabilities, revenues or expenditures/expenses of an individual governmental fund are at least 10 percent of the corresponding element (assets, liabilities, etc.) for all funds of that category or type (total governmental funds),
- and*
- If the total assets, liabilities, revenues or expenditures/expenses of the individual governmental funds are at least 5 percent of the corresponding element for all governmental funds combined.

Additionally, any other governmental fund that management believes is particularly significant to the basic financial statements may be reported as a major fund.

Proprietary and fiduciary funds are reported by fund type.

**C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

**Government-Wide Financial Statements**

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis* of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recognized when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the Town's enterprise funds and various other functions of the Town. Elimination of these charges would distort the direct costs and program revenues of the various functions concerned.

**TOWN OF TISBURY, MASSACHUSETTS**  
**Notes to the Financial Statements**  
**Year Ended June 30, 2015**

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported.

**Fund Financial Statements**

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis* of accounting. Under the modified accrual basis concept, revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon thereafter to be used to pay current liabilities of the current period. For this purpose, the Town considers revenues to be available if they are collected within 60 days of the end of the current fiscal year. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, excises and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

Entitlements and shared revenues are recorded at the time of receipt or earlier if the susceptible to accrual criteria is met. Expenditure driven grants recognize revenue when the qualifying expenditures are incurred and all other grant requirements are met.

The Town reports the following major governmental funds:

The *general fund* is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The Town reports the following major proprietary funds:

The *sewer fund* is used to account for the sewer activities.

The *water works fund* is used to account for the water activities.

The non-major governmental fund consists of other special revenue, capital projects and permanent funds that are aggregated and presented in the *non-major governmental funds* column on the governmental funds financial statements. The following describes the general use of these fund types:

The *special revenue fund* is used to account for the proceeds of specific revenue sources (other than permanent or capital projects funds) that are restricted by law or administrative action to expenditures for specified purposes.

The *capital projects fund* is used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by Enterprise and Trust Funds).

The *permanent fund* is used to account for financial resources that are legally restricted to the extent that only earnings, not principal, may be used for purposes that support the governmental programs.

Additionally, the Town reports the following fund types:

*Fiduciary fund* financial statements are reported using the flow of economic resources measurement focus and use the accrual basis of accounting. Fiduciary funds are used to account

**TOWN OF TISBURY, MASSACHUSETTS**  
**Notes to the Financial Statements**  
**Year Ended June 30, 2015**

for assets held in a trustee capacity for others that cannot be used to support the government programs. The Town reports the following fiduciary funds:

The *Other Postemployment Benefit (OPEB) Trust Fund* is used to account for the assets held by the Town in trust for the payment of future retiree health insurance benefits. The assets of the OPEB Trust Fund cannot be used to support the Town's operations.

The *private-purpose trust fund* is used to account for trust arrangements, other than those properly reported in the permanent fund, under which principal and investment income exclusively benefit individuals, private organizations, or other governments.

The *agency fund* is used to account for assets held in a purely custodial capacity.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the enterprise fund are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

#### **D. Cash and Cash Equivalents**

Cash balances from all funds, except those required to be segregated by law, are combined to form a consolidation of cash. Cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with an original maturity of three months or less from the date of acquisition. The Town maintains a cash and investment pool that is available for use by all funds. Each fund's portion of this pool is reflected on the combined financial statements under the caption, "cash and cash equivalents".

Excluding the permanent funds, investment income derived from major and non-major governmental funds is legally assigned to the general fund unless otherwise directed by Massachusetts General Laws (MGL).

Investment income from proprietary funds is maintained in those funds.

#### **E. Investments**

State and local statutes place certain limitations on the nature of deposits and investments available to the Town. Deposits in any financial institution may not exceed certain levels within the financial institution. Non-fiduciary fund investments can be made in securities issued by or unconditionally guaranteed by the U. S. Government or agencies that have a maturity of less than one year from the date of purchase and repurchase agreements guaranteed by such securities with maturity dates of no more than 90 days from the date of purchase.

All investments are carried at fair value.

#### **F. Receivables**

The recognition of revenues related to accounts receivable reported in the government-wide financial statements and fund financial statements are reported under the accrual basis of accounting and the modified accrual basis of accounting, respectively.

#### **Property Taxes, Deferred Property Taxes and Tax Liens**

Property taxes are based on assessments as of January 1, 2014 and include betterments, special assessments and liens. Taxes are used to finance the operations of the Town for the fiscal year July 1st to June 30th. By law, all taxable property in the Commonwealth of Massachusetts must be assessed at 100%



**TOWN OF TISBURY, MASSACHUSETTS**  
**Notes to the Financial Statements**  
**Year Ended June 30, 2015**

of fair cash value. Taxes are due and payable on July 1st. The Town accepted the provisions of the Massachusetts General Laws Chapter 59, Section 57C which enables the Town to have a quarterly tax payment system. Under the quarterly tax payment system, the assessors make a preliminary tax commitment based on the prior year's net tax and may not exceed, with limited exceptions, fifty percent of that amount. The collector must mail preliminary tax bills each year by July 1st. The preliminary tax is payable in two equal installments. The first installment is due on August 1st and the second installment is due on November 1st. After the Town sets the tax rate, the assessors make the actual tax commitment. If actual bills are mailed on or before December 31st, the balance remaining is payable in two equal installments. The first installment is due on February 1st and the second installment is due on May 1st. If bills are mailed after December 31st, the entire balance is not due until May 1st or thirty days after the bills were mailed, whichever is later. Any betterments, special assessments and other charges are added to the actual bills. Interest at the rate of 14% is charged on the amount of any preliminary tax or actual tax installment payment that is unpaid and delinquent and is charged only for the number of days the payment is actually delinquent. If actual tax bills are mailed after December 31st, interest will be computed from May 1st, or the payment due date, whichever is later. The Town has an ultimate right to foreclose on property for which taxes have not been paid. Property taxes levied are recorded as receivables. Revenues from property taxes are recognized in the fiscal year for which they have been levied.

The Town mailed preliminary tax bills for fiscal year 2015 on June 30, 2014 that were due on August 1, 2014 and November 3, 2014 and the actual tax bills were mailed on December 23, 2014 and were due on February 2, 2015 and May 1, 2015, respectively.

The Commonwealth of Massachusetts electorate in November, 1980, passed legislation known as Proposition 2 1/2, in order to limit the amount of revenue to be raised by taxation. The purpose of the legislation was to control the levy of taxes that are assessed to property owners of a Town. The legal levy limit under Proposition 2 1/2 for fiscal year 2015 is as follows:

Legal Levy Limit Under Proposition	
2 1/2 for fiscal year 2015	\$ 20,534,553
Add: Debt Exclusion	986,621
Add: Stabilization override	185,000
	<u>\$ 21,706,174</u>

The total amount raised by taxation was \$21,598,455. In addition to the debt overrides, the Town added and approved a stabilization fund override for \$185,000 during the year.

The allowance for uncollectible accounts is estimated based on historical trends and specific account analysis.

#### **Excise Taxes**

Excise taxes consist of motor vehicle excise and vessel excise. Excise taxes are assessed annually for each vehicle and vessel registered in the Town, and are recorded as receivables in the fiscal year of levy. The Commonwealth is responsible for reporting the number of vehicles registered and the fair value of those vehicles. The Board of Assessors of the Town is responsible for determining the value of each vessel.

The tax calculation is the fair market value of the vehicle or vessel multiplied by the \$25 per \$1,000 of value and \$10 per \$1,000 of valuation, respectively.

The allowance for uncollectibles is estimated based on historical trends and specific account analysis.

**TOWN OF TISBURY, MASSACHUSETTS**  
**Notes to the Financial Statements**  
**Year Ended June 30, 2015**

**User Charges**

User charges and fees of the primary government consist of sewer and water that is levied based on individual meter readings and are subject to penalties and interest if they are not paid by the respective due date. Sewer and water liens are processed each year and are included as a lien on the property owner's tax bill. Sewer and water charges and liens are recorded as receivables in the fiscal year of the levy.

The allowance for uncollectibles is based upon historical trends and specific account analysis.

**Departmental**

Departmental receivables consist of mooring fees, ambulance charges, police off-duty fees and septic system repair loans.

The allowance for uncollectibles is estimated based on historical trends and specific account analysis.

**Special Assessments**

Special assessments consist of sewer betterments in the business-type activities.

These receivables are considered 100% collectible and, therefore, do not report an allowance for uncollectibles.

**Due from Other Governments**

Various federal and state grants for operating and capital purposes are applied for and received annually. For non-expenditure driven grants, revenue is recognized as soon as all eligibility requirements imposed by the provider have been met. For expenditure driven grants, revenue is recognized when the qualifying expenditures are incurred and all other grant requirements are met.

These receivables are considered 100% collectible and, therefore, do not report an allowance for uncollectibles.

**Capital Assets**

Capital assets of the primary government include land, construction in progress, buildings and renovations, machinery, equipment and other, and infrastructure assets (e.g. roads, water mains, sewer mains, and similar items), are reported in the applicable governmental or business-type activity column of the government wide financial statements. Capital assets are recorded at historical cost or at estimated historical cost if actual historical cost is not available. Donated capital assets are recorded at the estimated fair market value.

All purchase and construction costs in excess of \$10,000 are capitalized at the date of acquisition or construction, respectively, with expected useful lives of greater than one year.

Capital assets (excluding land and construction in progress) are depreciated on a straight-line basis. The estimated useful lives of fixed assets are as follows:

<b>Capital Asset Type</b>	<b>Years</b>
Buildings and renovations	10-40
Machinery, equipment and other	3-20
Infrastructure	20-50
Water works infrastructure	10-99

**TOWN OF TISBURY, MASSACHUSETTS**  
**Notes to the Financial Statements**  
**Year Ended June 30, 2015**

The cost of normal maintenance and repairs that do not add to the value of the assets or materially extend asset lives are not capitalized and are treated as expenses when incurred. Improvements are capitalized.

**G. Interfund Transfers**

During the course of its operations, resources are permanently reallocated between and within funds. These transactions are reported as operating transfers in and operating transfers out.

In the government-wide financial statements, operating transfers between and within governmental funds are eliminated from the governmental activities in the statement of activities. Any residual balances outstanding between the governmental activities and business-type activities are reported in the statement of activities as "Transfers, net".

In the fund financial statements, operating transfers between and within funds are not eliminated from the individual fund statements and are reported as operating transfers in and operating transfers out.

**H. Deferred Outflows/Inflows of Resources**

**Government-wide financial statements**

The government-wide financial statements *Statement of Net Position* includes a separate section, listed below total liabilities, for *deferred inflows of resources*. This represents the acquisition of net position applicable for future period(s) and will not be recognized as revenue until the future period to which it applies. Currently, the only item in this category is *deferred inflows related to pensions*.

**Fund financial statements**

In addition to liabilities, the governmental funds balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Town has only one type of item, which arises only under a modified accrual basis of accounting that qualifies in this category. Accordingly, the item, *unavailable revenue*, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues for the Town's property, excise taxes; departmental revenue and intergovernmental grants. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

**I. Net Position and Fund Balances**

In the Governmental-Wide financial statements, the difference between the Town's total assets and total liabilities and deferred inflows of resources represents net position. Net position displays three components – net investment in capital assets; restricted (distinguished between major categories of restrictions); and unrestricted. Unrestricted net position represents the net position available for future operations.

Net position classified as net investment in capital assets, consists of capital assets, net of accumulated depreciation, and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

Net position has been "restricted for" the following:

"Capital projects" represents amounts restricted for capital purposes.

"Federal and state grants" - represents amounts restricted by the federal and state government for various programs.

**TOWN OF TISBURY, MASSACHUSETTS**  
**Notes to the Financial Statements**  
**Year Ended June 30, 2015**

“Community preservation fund” represents amounts that are restricted for the preservation of open space, historical resources and community housing.

“Permanent funds – expendable” represents amounts held in trust for which the expenditures are restricted by various trust agreements.

“Permanent funds – nonexpendable” represents amounts held in trust for which only investment earnings may be expended.

“Other purposes” represents restrictions placed on assets from outside parties.

In the fund financial statements, governmental funds report aggregate amounts for five classifications of fund balances based on the constraints imposed on the use of those resources.

The nonspendable fund balance classification includes amounts that cannot be spent because they are either (a) not in spendable form – prepaid items or inventories; or (b) legally or contractually required to be maintained intact.

The spendable portion of the fund balance comprises the remaining four classifications of fund balance: restricted, committed, assigned and unassigned.

*Restricted fund balance.* This classification reflects the constraints imposed on resources either (a) externally by creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

*Committed fund balance.* These amounts can only be used for specific purposes pursuant to constraints imposed by formal action of the Town’s highest level of decision making authority, which is the Town meeting action and can be modified or rescinded only through these actions. Committed amounts cannot be used for any other purpose unless the Town removes or changes the specified use by taking the same type of action it employed to previously commit.

*Assigned fund balance.* This classification reflects the amounts constrained by the Town’s “intent” to be used for specific purposes, but are neither restricted nor committed. Department heads and Town board/committees have the authority to assign amounts to be used for specific purposes. Assigned fund balances include all remaining amounts (except negative balances) that are reported in governmental funds, other than the General Fund, that are not classified as nonspendable and are neither restricted nor committed.

*Unassigned fund balance.* This fund balance is the residual classification for the General Fund. It is also used to report negative fund balances in other governmental funds.

When the restricted and other fund balance resources are available for use, it is the Town’s policy to use restricted resources first, followed by committed, assigned, and unassigned amounts respectively.

## **J. Long-term Debt**

Long-term debt of the primary government is reported as liabilities in the government-wide statement of net position.

The face amount of governmental funds long-term debt is reported as other financing sources.

**TOWN OF TISBURY, MASSACHUSETTS**  
**Notes to the Financial Statements**  
**Year Ended June 30, 2015**

**K. Compensated Absences**

The Town grants to employees sick and vacation leave in varying amounts based upon length of service and in accordance with various individual union contracts. Individuals are able to buy back 25% of their sick leave for individuals with less than 10 years of service and 50% for employees over ten years of service. Upon retirement, termination, or death, certain employees are compensated for unused vacation and sick leave (subject to certain limitations) at their current rates of pay.

**L. Pension Benefits**

For purposes of measuring the net position liability, deferred outflows of resources and deferred inflows of resources related to pensions and pension expense, information about the fiduciary net position of the Dukes County Contributory Retirement System (the System) and the Massachusetts Teachers Retirement System (MTRS) are provided. Additions to and deductions from the fiduciary net position have been determined on the same basis as they are reported by the Systems. For this purpose, benefit payments, including refunds of employee contributions, are recognized when due and payable according with the benefit terms. Investments are reported at their fair value.

**M. Post Retirement Benefits**

In addition to providing pension benefits, health insurance coverage is provided for retired employees and their survivors in accordance with MGL, Chapter 32, on a pay-as-you-go basis. The cost of providing health insurance is recognized by recording the employer's 75% share of insurance premiums in the general fund in the fiscal year paid.

**N. Use of Estimates**

The preparation of basic financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure for contingent assets and liabilities at the date of the basic financial statements and the reported amounts of revenues and expenditures/expenses during the fiscal year. Actual results could vary from estimates that were used.

**2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

**A. Budgetary Information**

An annual budget is adopted for the Town's General Fund. Although legislative approval is required for the acceptance of grants, capital projects, and borrowing authorizations, annual budgets are not prepared for any other fund; therefore, comparison of budget to actual is only presented for the General Fund.

The Town must establish its property tax rate each year so that the property tax rate levy will comply with the limits established by Proposition 2 1/2, as amended, and also equal the sum of (a) the aggregate of all annual appropriations for expenditures, plus (b) provision for prior year deficits, if any, less (c) the aggregate of all non-property tax revenues estimated to be received, including available funds.

The Town follows these procedures in establishing the General Fund budgetary data as reflected in the financial statements:

- Departments submit budget requests to the Finance Director.
- Finance Director reviews budget requests. Finance Director submits revenue forecasts and budget recommendations to the Board of Selectmen and the finance committee.

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- Board of Selectmen and finance committee review budget recommendations and submit their own recommendations to Town meeting.
- The budget is legally enacted by vote at the annual Town meeting.
- Supplemental appropriations may be made from available funds after the setting of the tax rate with Town meeting approval.
- Throughout the year appropriations may be transferred between departments with Town meeting approval.

Massachusetts law requires cities and towns to provide for a balanced budget. Section 23 of Chapter 59 of the Massachusetts General Laws states, in part,

"The assessors shall annually assess taxes to an amount not less than the aggregate of all amounts appropriated, granted or lawfully expended by their respective towns (cities) since the preceding annual assessment and not provided for therein . . . "

For fiscal year 2015, the Town incurred a final budget deficit of \$1,967,904 for the General Fund.

The Town voted from the following sources to fund the deficit budget during the fiscal year:

Unassigned fund balance:	
Free cash votes	\$ 1,145,868
Prior year's encumbrances	822,036
	<u>\$ 1,967,904</u>

**B. Deficit Fund Balance**

The following funds had a deficit balance at June 30, 2015 as measured by the unreserved fund balance:

- The Municipal insurance trust fund has a deficit of \$118. This deficit will be eliminated by appropriation.
- The Unemployment trust fund has a deficit of \$24,433. This deficit will be eliminated by appropriation.

**3. DETAILED NOTES**

**A. Deposits and Investments**

**Custodial Credit Risks – Deposits**

Custodial credit risk is the risk that in the event of a bank failure, the Town's deposits may not be returned. The government does not have a deposit policy for custodial credit risk. Deposits at June 30, 2015 were \$19,211,698. Of these, \$1,972,975 is exposed to custodial credit risk as uninsured and uncollateralized.

**Investment Policies**

Investments of funds, except for trust funds, are generally restricted by Massachusetts General Laws, Chapter 44, Section 55. That statute permits investments of available revenue funds and bond and note proceeds in term deposits and certificates of deposit of banks and trust companies, in obligations issued or unconditionally guaranteed by the federal government or an agency thereof with a maturity of not more than one year, in repurchase agreements with a maturity of not more than 90 days secured by federal or federal agency securities, in participation units in the Massachusetts Municipal Depository Trust ("MMDT"), or in

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shares in SEC-registered money market funds with the highest possible rating from at least one nationally recognized rating organization.

The MMDT is an investment pool created by the Commonwealth under the supervision of the State Treasurer's office. According to the State Treasurer, the Trust's investment policy is designed to maintain an average weighted maturity of 90 days or less and is limited to high-quality, readily marketable fixed income instruments, including U. S. Government obligations and highly-rated corporate securities with maturities of one year or less.

As of June 30, 2015, the Town had the following investments:

Investment Type	Fair Value	Investment Maturities (in Years)	
		1 to 5	
Debt Securities:			
U. S. government agencies	\$ 124,319	\$	124,319
Corporate bonds	101,093		101,093
	225,412	\$	225,412
Other Investments:			
Certificate of deposits	1,763,559		
Equity securities-domestic	214,322		
Money market mutual funds	77,244		
MMDT	976,364		
	\$ 3,256,901		

### **Custodial Credit Risks**

For an investment, custodial risk is the risk that, in the event of the failure of the counterparty, the Town will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Of the Town's \$3,256,901 in investments, none are uninsured and unregistered investments for which the securities are held by the counterparty, or by its trust department but not in the Town's name. The Town has no policy on custodial credit risk.

### **Interest Rate Risk**

The Town does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

### **Credit Risk**

The Town's exposure to credit risk as of June 30, 2015 is as follows:

Related Debt Instruments	Fair Value
<b>Moody's Quality Ratings</b>	
<b>U. S. Government Agencies:</b>	
Aaa	\$ 124,319
<b>Corporate Bonds:</b>	
Baa1	101,093
	<u>\$ 225,412</u>

**TOWN OF TISBURY, MASSACHUSETTS**  
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**Concentration of Credit Risk**

The Town places no limit on the amount the Town may invest in one issuer. There are no qualified investments that are more than 5 percent.

**B. Receivables**

At June 30, 2015, receivables for the individual major governmental funds and non-major governmental funds in the aggregate, including the applicable allowances for uncollectible accounts of the primary government, are as follows:

	<b>Gross Amount</b>	<b>Allowance for Uncollectibles</b>	<b>Net Amount</b>
<b>Major and nonmajor governmental funds:</b>			
Property taxes	\$ 667,324	\$ (34,546)	\$ 632,778
Tax liens	807,848	(84,246)	723,602
Excise taxes	194,471	(60,500)	133,971
Departmental	538,267	(198,428)	339,839
Due from other governments	419,896	-	419,896
	<u>\$ 2,627,806</u>	<u>\$ (377,720)</u>	<u>\$ 2,250,086</u>

At June 30, 2015, receivables for the business-type activities consist of the following:

	<b>Gross Amount</b>	<b>Allowance for Uncollectibles</b>	<b>Net Amount</b>
<b>Sewer Fund:</b>			
User charges	\$ 234,161	\$ (10,273)	\$ 223,888
Special assessments	2,441,033	-	2,441,033
Due from other governments	1,058,537	-	1,058,537
<b>Water Works Fund:</b>			
User charges	94,104	-	94,104
	<u>\$ 3,827,835</u>	<u>\$ (10,273)</u>	<u>\$ 3,817,562</u>



**TOWN OF TISBURY, MASSACHUSETTS**  
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The composition of amounts due from other governments as of June 30, 2015 for governmental funds is as follows:

**General Fund:**

***Commonwealth of Massachusetts:***

Department of Veterans Services

Veterans Benefits \$ 17,070

**Nonmajor Governmental Funds:**

***U. S. Department of Agriculture***

School lunch \$ 5,445

***U. S. Department of the Interior:***

Clean vessel act 17,000

***U. S. Department of Homeland Security:***

Federal emergency management grants 4,435

***Commonwealth of Massachusetts:***

Department of Elementary and Secondary Education:

School lunch 183

Department of Revenue:

Steamship Authority Embarkation Fees 89,628

Massachusetts Department of Transportation:

Winter Rapid Roads Recovery Program 21,541

Highway Department - Chapter 90 funds 264,594 402,826

\$ 419,896

The composition of amounts due from other governments as of June 30, 2015 for business-type funds is as follows:

**Business-Type Funds:**

**Sewer Fund:**

***U. S. Department of Agriculture***

Sewer Centrifuge Grant \$ 1,314

***Commonwealth of Massachusetts:***

***Massachusetts Clean Water Trust:***

Principal loan subsidy 1,057,223

\$ 1,058,537

**C. Deferred Inflows of Resources – Unavailable Revenue**

Governmental funds report deferred inflows of resources in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period.

**TOWN OF TISBURY, MASSACHUSETTS**  
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**Year Ended June 30, 2015**

At the end of the current fiscal year, the various components of deferred inflows of resources reported in the governmental funds are as follows:

**General Fund:**

Property taxes	\$	413,013		
Tax liens		708,272		
Excise and other taxes		133,971		
Departmental		87,215	\$	1,342,471

**Nonmajor governmental funds:**

Property taxes		16,365		
Tax liens		15,330		
Departmental		17,568		
Special assessments		243,634		
Due from other governments		264,594		557,491
			\$	<u>1,899,962</u>

**D. Capital Assets**

Capital asset activity for the year ended June 30, 2015, is as follows

**Governmental Activities**

	<b>Beginning Balance</b>	<b>Increases</b>	<b>Decreases</b>	<b>Ending Balance</b>
Capital assets not being depreciated:				
Land	\$ 4,387,745	\$ -	\$ -	\$ 4,387,745
Construction in Progress	45,176	252,875	(298,051)	-
Total capital assets not being depreciated	4,432,921	252,875	(298,051)	4,387,745
Capital assets being depreciated:				
Buildings and Renovations	20,220,994	382,383	-	20,603,377
Machinery, equipment and other	3,767,441	317,096	(52,007)	4,032,530
Infrastructure	4,905,838	-	-	4,905,838
Total capital assets being depreciated	28,894,273	699,479	(52,007)	29,541,745
Less accumulated depreciation for:				
Buildings and Renovations	8,633,546	677,735	-	9,311,281
Machinery, equipment and other	2,486,404	286,254	(52,007)	2,720,651
Infrastructure	1,345,927	225,692	-	1,571,619
Total accumulated depreciation	12,465,877	1,189,681	(52,007)	13,603,551
Total capital assets being depreciated, net	16,428,396	(490,202)	-	15,938,194
Total governmental activities capital assets, net	\$ 20,861,317	\$ (237,327)	\$ (298,051)	\$ 20,325,939

**TOWN OF TISBURY, MASSACHUSETTS**  
**Notes to the Financial Statements**  
**Year Ended June 30, 2015**

<b>Business-Type Activities</b>	<b>Beginning Balance</b>	<b>Increases</b>	<b>Decreases</b>	<b>Ending Balance</b>
Capital assets not being depreciated:				
Land	\$ 381,600	\$ -	\$ -	\$ 381,600
Construction in Progress	722,695	174,140	(48,000)	848,835
Total capital assets not being depreciated	1,104,295	174,140	(48,000)	1,230,435
Capital assets being depreciated:				
Buildings and Renovations	175,018	-	-	175,018
Machinery, equipment and other	646,145	104,147	(25,139)	725,153
Infrastructure	20,480,890	594,990	-	21,075,880
Total capital assets being depreciated	21,302,053	699,137	(25,139)	21,976,051
Less accumulated depreciation for:				
Buildings and Renovations	125,736	5,666	-	131,402
Machinery, equipment and other	528,399	39,228	(25,139)	542,488
Infrastructure	5,654,085	499,848	-	6,153,933
Total accumulated depreciation	6,308,220	544,742	(25,139)	6,827,823
Total capital assets being depreciated, net	14,993,833	154,395	-	15,148,228
Total Business-type activities capital assets, net	\$ 16,098,128	\$ 328,535	\$ (48,000)	\$ 16,378,663

Depreciation expense was charged to functions/programs of the primary government as follows:

**Governmental Activities:**

General government	\$ 59,117
Public safety	440,270
Public works	331,336
Education	157,261
Health and human services	124,173
Culture and recreation	77,524
Total depreciation expense - governmental activities	<u>\$ 1,189,681</u>

**Business-Type Activities:**

Sewer fund	\$ 323,949
Water works fund	220,793
Total depreciation expense - business-type activities	<u>\$ 544,742</u>

**E. Interfund Receivables, Payables and Transfers**

Interfund transfers for the fiscal year ended June 30, 2015, are summarized below:

Transfers Out:	Transfers In:			
	General fund	Nonmajor Governmental fund	Business-type fund	Total
General fund	\$ -	\$ 174,319	\$ 212,506	\$ 386,825
Nonmajor governmental funds	536,245	-	-	536,245
Business-type fund	26,700	-	-	26,700
Total transfers out	<u>\$ 562,945</u>	<u>\$ 174,319</u>	<u>\$ 212,506</u>	<u>\$ 949,770</u>

**TOWN OF TISBURY, MASSACHUSETTS**  
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**F. Short-Term Financing**

Under the general laws of the Commonwealth and with the appropriate local authorization the Town is authorized to borrow funds on a temporary basis to (1) fund current operations prior to the collection of revenues, by issuing revenue anticipation notes, (2) fund grants prior to reimbursements, by issuing grant anticipation notes, and (3) fund capital projects costs incurred prior to selling permanent debt by issuing bond anticipation notes.

Details related to the short-term debt activity of the governmental type fund are as follows:

Purpose	Interest Rate	Final Maturity Date	Balance July 1, 2014	Renewed/ Issued	Retired/ Redeemed	Outstanding June 30, 2015
<b>Bond anticipation note:</b>						
Dredging	0.50%	8/22/2014	\$ 500,000	\$ -	\$ 500,000	\$ -
Harbormaster bulkhead	0.50%	8/22/2014	75,000	-	75,000	-
Tisbury school roof repairs	0.50%	8/22/2014	305,000	-	305,000	-
<b>Massachusetts Clean Water Trust interim note:</b>						
Septic system upgrades	0.00%	5/1/2015	94,779	-	94,779	-
<b>Total Governmental Activities</b>			<b>\$ 974,779</b>	<b>\$ -</b>	<b>\$ 974,779</b>	<b>\$ -</b>

Details related to the short-term debt activity of the business-type fund are as follows:

Purpose	Interest Rate	Final Maturity Date	Balance July 1, 2014	Renewed/ Issued	Retired/ Redeemed	Outstanding June 30, 2015
<b>Bond anticipation note:</b>						
<b>Sewer Fund:</b>						
Wastewater Treatment Plant leaching facility	0.50%	8/22/2014	\$ 990,000	\$ -	\$ 990,000	\$ -
Wastewater Treatment Plant leaching facility	0.50%	8/22/2014	260,000	-	260,000	-
Wastewater Treatment Plant leaching facility	0.49%	5/28/2015	-	1,250,000	1,250,000	-
Wastewater Treatment Plant leaching facility	0.54%	2/25/2016	-	1,250,000	-	1,250,000
			1,250,000	2,500,000	2,500,000	1,250,000
<b>Water Works Fund:</b>						
Water standpipe rehabilitation	0.50%	8/22/2014	850,000	-	850,000	-
			850,000	-	850,000	-
<b>Total Business-type Activities</b>			<b>\$ 2,100,000</b>	<b>\$ 2,500,000</b>	<b>\$ 3,350,000</b>	<b>\$ 1,250,000</b>

**TOWN OF TISBURY, MASSACHUSETTS**  
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**G. Long Term Debt**

**General Obligation Bonds**

The Town issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds have been issued for both governmental and business-type activities.

General obligation bonds currently outstanding of the governmental type fund are as follows:

	<b>Interest Rate</b>	<b>Date Issued</b>	<b>Final Maturity Date</b>	<b>Original Amount Issued</b>	<b>Outstanding June 30, 2015</b>
<b>Inside Debt:</b>					
<b><i>Municipal Purpose Loan of 2010:</i></b>					
Public safety facility construction	3.05%	3/15/2010	3/15/2025	\$ 6,800,000	\$ 5,475,000
Public safety facility design	2.90%	3/15/2010	3/15/2025	640,000	415,000
Roads paving	2.61%	3/15/2010	3/15/2018	720,000	270,000
<b><i>Municipal Purpose Loan of 2012:</i></b>					
Front-end loader	1.24%	11/1/2012	11/1/2016	100,000	50,000
Annex trailers	1.37%	11/1/2012	11/1/2017	160,000	90,000
<b><i>Municipal Purpose Loan of 2014:</i></b>					
Lake Street Landing Seawall	2.0-3.0%	8/15/2014	8/15/2016	50,000	50,000
DPW Departmental Equipment	2.0-3.0%	8/15/2014	8/15/2019	350,000	350,000
Parking System Departmental Equipment	2.0-3.0%	8/15/2014	8/15/2019	125,000	125,000
Harbor & Channel Dredging	2.0-3.0%	8/15/2014	8/15/2023	450,000	450,000
Tisbury School Roof	2.0-3.0%	8/15/2014	8/15/2023	275,000	275,000
Total Inside Debt					<u>7,550,000</u>
<b>Outside Debt:</b>					
<b><i>Massachusetts Clean Water Trust:</i></b>					
Landfill closure	N/A	11/1/1998	8/1/2018	493,200	123,000
Title V Septic Repair Program	N/A	5/28/2002	8/1/2020	197,403	62,200
Title V Septic Repair Program	N/A	1/7/2015	1/15/2035	94,779	94,779
Total Outside Debt					<u>279,979</u>
Total governmental type debt					<u>\$ 7,829,979</u>

**TOWN OF TISBURY, MASSACHUSETTS**  
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**Future Debt Service**

The annual principal and interest payments to retire all governmental type long term debt outstanding as of June 30, 2015, are as follows:

<b>Year</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2016	\$ 964,539	\$ 259,782	\$ 1,224,321
2017	985,439	237,471	1,222,910
2018	936,339	194,176	1,130,515
2019	812,239	152,951	965,190
2020	780,139	128,634	908,773
2021-2025	3,303,895	325,618	3,629,513
2026-2030	23,695	-	23,695
2031-2035	23,694	-	23,694
	<u>\$ 7,829,979</u>	<u>\$ 1,298,632</u>	<u>\$ 9,128,611</u>

General obligation bonds currently outstanding of the business-type fund are as follows:

	<b>Interest Rate</b>	<b>Date Issued</b>	<b>Final Maturity Date</b>	<b>Original Amount Issued</b>	<b>Outstanding June 30, 2015</b>
<b>Inside Debt:</b>					
<b>Sewer Fund:</b>					
<i><b>Massachusetts Clean Water Trust:</b></i>					
Wastewater treatment facility	N/A	11/6/2003	8/1/2023	\$ 7,482,332	\$ 3,701,314
Total Inside Debt					<u>3,701,314</u>
<b>Outside Debt:</b>					
<b>Sewer Fund:</b>					
<b>United States Department of Agriculture (USDA) Centrifuge</b>	3.38%	3/26/2014	3/26/2052	154,000	149,947
<b>Water Works:</b>					
<i><b>Municipal Purpose Loan of 2004:</b></i>					
Manter well	3.18%	2/1/2004	2/1/2019	2,000,000	520,000
Water mains	3.18%	2/1/2004	2/1/2019	725,000	180,000
<i><b>Municipal Purpose Loan of 2012:</b></i>					
Water mains	1.83%	11/1/2012	11/1/2027	400,000	340,000
Water mains	1.82%	11/1/2012	11/1/2027	513,000	440,000
Water storage tank	1.82%	11/1/2012	11/1/2027	292,000	250,000
<b>United States Department of Agriculture (USDA) Centrifuge</b>	2.75%	3/26/2014	3/26/2052	719,000	700,078
Total Outside Debt					<u>2,580,025</u>
Total business-type debt					<u>\$ 6,281,339</u>

**TOWN OF TISBURY, MASSACHUSETTS**  
**Notes to the Financial Statements**  
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**Future Debt Service**

The annual principal and interest payments to retire all business-type long-term debt outstanding as of June 30, 2015, are as follows:

<b>Year</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2016	\$ 642,234	\$ 239,246	\$ 881,480
2017	656,415	211,188	867,603
2018	670,597	179,201	849,798
2019	675,051	148,144	823,195
2020	514,232	121,195	635,427
2021-2025	2,287,535	275,610	2,563,145
2026-2030	329,875	89,121	418,996
2031-2035	114,875	65,707	180,582
2036-2040	114,875	49,279	164,154
2041-2045	114,875	32,850	147,725
2046-2050	114,875	16,421	131,296
2051-2052	45,900	1,969	47,869
	<u>\$ 6,281,339</u>	<u>\$ 1,429,931</u>	<u>\$ 7,711,270</u>

A summary of the changes in governmental activities and business-type long term debt during the year is as follows:

	<b>Balance July 1, 2014</b>	<b>Additions</b>	<b>Reductions</b>	<b>Balance June 30, 2015</b>	<b>Amounts Due within One Year</b>
<b>Governmental activities:</b>					
<b><i>Bond Payable:</i></b>					
General obligation bonds	\$ 6,965,000	\$ 1,250,000	\$ 665,000	\$ 7,550,000	\$ 920,000
Massachusetts Clean					
Water Trust bonds	224,200	94,779	39,000	279,979	44,539
<b>Compensated absences</b>	559,960	41,921	1,455	600,426	264,130
<b>OPEB liability obligation</b>	5,975,264	960,562	-	6,935,826	-
<b>Net pension liability</b>	6,371,358	-	311,780	6,059,578	-
Governmental activity					
Long-term liabilities	<u>\$ 20,095,782</u>	<u>\$ 2,347,262</u>	<u>\$ 1,017,235</u>	<u>\$ 21,425,809</u>	<u>\$ 1,228,669</u>
<b>Business-type activities:</b>					
<b><i>Bond Payable:</i></b>					
General obligation bonds	\$ 1,990,000	\$ -	\$ 260,000	\$ 1,730,000	\$ 260,000
U.S.D.A. bonds	873,000	-	22,975	850,025	22,975
Massachusetts Clean					
Water Trust bonds	4,051,119	-	349,805	3,701,314	359,259
<b>Compensated absences</b>	60,012	11,095	-	71,107	34,692
<b>OPEB liability obligation</b>	472,542	26,321	-	498,863	-
<b>Net pension liability</b>	474,412	-	23,215	451,197	-
Business-type activity					
Long-term liabilities	<u>\$ 7,921,085</u>	<u>\$ 37,416</u>	<u>\$ 655,995</u>	<u>\$ 7,302,506</u>	<u>\$ 676,926</u>

**TOWN OF TISBURY, MASSACHUSETTS**  
**Notes to the Financial Statements**  
**Year Ended June 30, 2015**

**Massachusetts Clean Water Trust (MCWT)**

The Town is scheduled to be subsidized by the Massachusetts Clean Water Trust (MCWT) on a periodic basis for principal in the amount of \$8,267,714 and interest costs of \$4,536,310 for four loans which the Town has borrowed from MCWT. The gross amount outstanding at June 30, 2015 for principal and interest combined for the loans is \$4,771,478. The net repayments, including interest, are scheduled to be \$3,128,035. Since the Town is legally obligated for the total amount of the debt, such amounts for the gross principal have been recorded on the financial statements. The fiscal year 2015 principal and interest subsidies totaled \$235,021.

**Legal Debt Limit**

Under Section 10 of Chapter 44 of the Massachusetts General Laws a Town may authorize indebtedness up to a limit of five percent of its equalized valuation of the Town. Debt issued in accordance with this section of the law is designated as being "inside the debt limit." The Town's inside debt at June 30, 2015 totaled \$11,346,093.

In addition, the Town is authorized to incur debt outside of that limit for specific purposes. Such debt, when issued, is designated as being "outside the debt limit." The following is a computation of the legal debt limit as of June 30, 2015:

Equalized Valuation-Real Estate and Personal Property (2014)		<u>\$ 2,627,842,800</u>
Debt Limit: 5 % of Equalized value		131,392,140
Total Debt Outstanding	\$ 14,111,318	
Less: Debt Outside Debt Limit	<u>(2,765,225)</u>	<u>11,346,093</u>
Inside Debt Excess Borrowing Capacity at June 30, 2015		<u>\$ 120,046,047</u>

**Loans Authorized and Unissued - Memorandum Only**

Under the general laws of the Commonwealth of Massachusetts a Town must authorize debt at a Town meeting. This authorized debt does not have to be actually issued at that time and remains authorized until the debt is actually issued or Town meeting votes to rescind the authorized debt.



**TOWN OF TISBURY, MASSACHUSETTS**  
**Notes to the Financial Statements**  
**Year Ended June 30, 2015**

Loan authorizations that have not been issued as of June 30, 2015 and are not reflected in the Town's financial statements are as follows:

<b>Date Town Meeting Authorized</b>	<b>Purpose</b>	<b>Amount</b>
4/23/2002	Rehabilitate and Replace Water Mains on Main Street and Beach Road	\$ 250,000
9/10/2002	Additional Costs of Wastewater Treatment System Improvements for the Town	394,967
9/10/2002	Additional Costs of Rehabilitating and Replacing Water Mains on Main Street and Beach Road	25,000
4/11/2012	Septic Management upgrades	105,221
4/14/2015	Wastewater engineering/design plans	70,000
4/14/2015	Construct Tisbury Water Works garage facility	1,000,000
		<u>\$ 1,845,188</u>

**Overlapping Debt**

The Town pays assessments; which includes debt service payments to other local governmental units providing services within the Town's boundaries (commonly referred to as overlapping debt). The following summary sets forth the long term debt of the governmental unit, the estimated share of such debt being serviced by the Town and the total of its share of estimated indirect debt.

	<b>Current Year's Debt</b>	<b>Town's Estimated Share</b>	<b>Town's Estimated Indirect Debt</b>
<b>Martha's Vineyard Regional High School District (1)</b>	\$ 1,620,000	22.14%	\$ 358,681
<b>County of Dukes County</b>	50,000	14.10%	7,050
<b>Martha's Vineyard Transit Authority (2)</b>	375,000	25.11%	53,166
	<u>\$ 2,045,000</u>		<u>\$ 418,897</u>

1. The regional school debt does not reflect the Commonwealth of Massachusetts School Building Assistance grants to pay for the interest and principal on allowable costs.
2. The transit authority debt is net of the State share of 75%.

**TOWN OF TISBURY, MASSACHUSETTS**  
**Notes to the Financial Statements**  
**Year Ended June 30, 2015**

**H. Fund Balances**

The following is a summary of the Town's Governmental fund balances at the year ended June 30, 2015:

	<b>General Fund</b>	<b>Nonmajor Governmental Funds</b>	<b>Total Governmental Funds</b>
Nonspendable:			
Permanent funds	\$ -	\$ 591,748	\$ 591,748
Restricted:			
Federal, state and local grants	-	95,092	95,092
Town revolving funds	-	22,678	22,678
School revolving funds	-	99,649	99,649
Community preservation	-	2,039,706	2,039,706
Debt service	-	88,076	88,076
Donations and gifts	-	56,801	56,801
Permanent funds	-	461,740	461,740
Capital projects	-	810,074	810,074
Other	-	844,185	844,185
	-	4,518,001	4,518,001
Committed:			
Ambulance services	-	43,809	43,809
Embarkation fee fund	-	278,295	278,295
Employee benefits and Insurance	-	199,255	199,255
Shellfish trust	-	93,096	93,096
Transfer station	-	815,526	815,526
	-	1,429,981	1,429,981
Assigned:			
General government	449,229	-	449,229
Public safety	442,363	-	442,363
Public works	108,480	-	108,480
Education	11,649	-	11,649
Health and human services	26,294	-	26,294
Culture and recreation	60,913	-	60,913
Employee benefits and Insurance	19,844	-	19,844
Subsequent year's budget	1,369,835	-	1,369,835
	2,488,607	-	2,488,607
Unassigned:			
General Fund	7,504,854	-	7,504,854
Trust Funds	-	(24,551)	(24,551)
	7,504,854	(24,551)	7,480,303
Total Governmental fund balances	\$ 9,993,461	\$ 6,515,179	\$ 16,508,640

**TOWN OF TISBURY, MASSACHUSETTS**  
**Notes to the Financial Statements**  
**Year Ended June 30, 2015**

**I. Special Trust Funds**

**Stabilization Fund**

Under Section 5B of Chapter 40 of the Massachusetts General Laws, the Town may for the purpose of creating a stabilization fund appropriate in any year an amount not exceeding ten percent of the amount raised in the preceding year by taxation of real estate and tangible personal property or such larger amount as may be approved by the Emergency Finance Board. The aggregate amount in the fund at any time shall not exceed ten percent of the equalized valuation of the Town and any interest shall be added to and become a part of the fund. The stabilization fund may be appropriated in a Town at a Town meeting for any lawful purpose.

At June 30, 2015 the balances in the stabilization funds are reported in the General Fund as unassigned fund balance consisting of the following:

General purpose stabilization fund	\$ 1,840,384
Ambulance Stabilization	70,093
Dredge Stabilization	50,074
Department of Public Works Stabilization	50,044
Fire Department Stabilization	200,266
Window stabilization fund	5,172
	<hr/>
	\$ 2,216,033

**4. OTHER INFORMATION**

**A. Risk Management**

The Town is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters. The Town has obtained a variety of commercial liability insurance policies which passes the risk of loss listed above to independent third parties.

Settlement claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

**B. Contingent Liabilities**

**Litigation**

Litigation is subject to many uncertainties, and the outcome of individual matters is not always predictable. Although the amount of the liability, if any, at June 30, 2015, cannot be ascertained, management believes any resulting liability should not materially affect the financial position at June 30, 2015.

**C. Pension Plan**

**Plan Description**

The Town is a member of the Dukes County Contributory Retirement System (the System). The System is a cost-sharing multiple-employer public employee retirement system administered by the Dukes County Retirement Board (the Board). Massachusetts General Laws (MGL), Chapter 32, assigns authority to establish the System and amend benefit provisions of the plan; which is regulated by the Public Employees Retirement Administration Commission (PERAC). The System is a defined benefit pension plan that covers

**TOWN OF TISBURY, MASSACHUSETTS**  
**Notes to the Financial Statements**  
**Year Ended June 30, 2015**

substantially all employees of its member employers except for current and retired teachers. The System issues a publicly available financial report in accordance with guidelines established by the Commonwealth's PERAC. That report may be obtained by contacting the System at 9 Airport Road, Suite 1, Vineyard Haven, Massachusetts 02568.

The Town is a member of the Massachusetts Teachers' Retirement System (MTRS), a cost-sharing multi-employer defined benefit plan, to which the Town does not contribute. MTRS is managed by the Commonwealth of Massachusetts (Commonwealth) on behalf of municipal teachers and municipal teacher retirees. The Commonwealth is a nonemployer contributor and is responsible for the contributions and future benefit requirements of the MTRS.

### **Special Funding Situation**

The Commonwealth is a nonemployer contributor and is responsible by statute to make all actuarially determined contributions and future benefit requirements on behalf of the Town to the MTRS. Therefore, the Town is considered to be in a special funding situation as defined by GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* and the Commonwealth is a nonemployer contributor in the MTRS. Since the Town does not contribute directly to MTRS, there is no pension liability to recognize. The total of the Commonwealth provided contributions have been allocated based upon each employer's covered payroll to the total covered payroll of employers in MTRS as of the measurement date of June 30, 2014. The Town's portion of the collective pension expense contributed by the Commonwealth of \$491,540 on-behalf payments for the fiscal year ending June 30, 2015 is reported as intergovernmental revenues and education expenditures in the General Fund as of the measurement date.

### **Benefits Provided**

Both the System and MTRS provide retirement, disability, and death benefits to plan members and beneficiaries. Members become vested after 10 years of creditable service and are eligible for retirement allowance benefits up to a maximum of 80% of a member's highest three-year average annual rate of regular compensation. Retirement benefits are determined as a percentage of the member's final three-year (five-year for members hired on or after April 2, 2012) final average compensation times the member's years of creditable service prior to retirement. The percentage is based on the age of the member at retirement and his or her Group classification. The authority for amending these provisions rests with the Massachusetts Legislature.

Employees who resign from service and who are not eligible to receive a retirement allowance or are under the age of 55 are entitled to request a refund of their accumulated total deductions. Survivor benefits are extended to eligible beneficiaries of members whose death occurs prior to or following retirement.

Cost of living adjustments granted between 1981 and 1997 and any increases in other benefits imposed by the Commonwealth's State law during those years are borne by the Commonwealth and are deposited into the pension fund. Cost-of-living adjustments granted after 1997 must be approved by the Board and are borne by the System.

### **Contributions**

MGL Chapter 32 governs the contributions of plan members and the Town. Plan members are required to contribute to the System at rates ranging from 5% to 9% based upon their membership date of gross regular compensation with an additional 2% contribution after exceeding \$30,000 in annual covered compensation. The Town is required to pay into the System its share of the system-wide actuarial determined contribution that is apportioned among the employers based on active current payroll. Administrative expenses are funded through investment earnings. The Town's proportionate share of the required contribution to the System for the year ended December 31, 2014 was \$1,015,376, representing 16.1% of the covered payroll, an actuarially determined amount that, when combined with plan member contributions, is expected to

**TOWN OF TISBURY, MASSACHUSETTS**  
**Notes to the Financial Statements**  
**Year Ended June 30, 2015**

finance the costs of benefits earned by plan members during the year and an additional amount to finance any unfunded accrued liability.

**Pension Liability**

As of June 30, 2015, a reported liability of \$6,510,775 is the Town's proportionate share of the net pension liability as measured as of December 31, 2014. The net pension liability was determined using the total pension liability and the actuarial assumptions as of the January 1, 2013 and updated to the measurement date of December 31, 2014. This net pension liability is based on the Town's proportional percentage of 18.063% at December 31, 2014. As such, the total pension liability was also updated and adjusted forward to the measurement date.

**Pension Expense**

For the year ended June 30, 2015, the Town recognized a pension expense of \$741,281 and reported deferred inflows of resources related to pensions of \$60,901, from the net difference between projected and actual investment earnings on pension plan investments. Since the System performs an actuarial valuation bi-annually, there are no reported differences between the expected and actual experience or a change of assumptions as of December 31, 2014. Additionally, the changes in proportion and differences between employer contributions and the proportionate share of contributions are not presented in the initial year of reporting in accordance with GASB Statement No. 67 and Statement No. 68.

The Town's deferred inflows of resources related to pensions will be recognized in the pension expense as follows;

<b>For years ended June 30,</b>		
	<b>2016</b>	<b>\$ 15,225</b>
	<b>2017</b>	<b>15,225</b>
	<b>2018</b>	<b>15,225</b>
	<b>2019</b>	<b>15,226</b>
		<b>\$ 60,901</b>

**Actuarial Assumptions**

The total pension liability was determined by an actuarial valuation as of January 1, 2014, using the following actuarial assumptions, applied to all periods included in the measurement that was updated December 31, 2014;

Valuation date	January 1, 2014
Actuarial cost method	Entry Age Normal Cost Method
Amortization method	UAAL: Increasing dollar amount at 4.5% to reduce the Unfunded Actuarial Accrued Liability to zero on or before June 30, 2030. 2002 & 2003: Increasing dollar amount at 4.5% to reduce the Actuarial Accrued Liability attributable to the ERIs. ERIs: to zero on or before June 30, 2028.

**TOWN OF TISBURY, MASSACHUSETTS**  
**Notes to the Financial Statements**  
**Year Ended June 30, 2015**

Asset valuation method	<p>The actuarial value of assets is the market value of assets as of the valuation date reduced by the sum of:</p> <ul style="list-style-type: none"> <li>(a) 80% of gains and losses of the prior year,</li> <li>(b) 40% of gains and losses of the second prior year,</li> <li>(c) 60% of the gains and losses of the third prior year, and</li> <li>(d) 20% of gains and losses of the fourth prior year.</li> </ul> <p>Investment gains and losses are determined by the excess or deficiency of the expected return over the actual return on the market value. The actuarial valuation of assets is further constrained to be not less than 80% or more than 120% of market value.</p>
Investment rate of return	7.75%, net of pension plan investment expense, including inflation
Projected salary increase	6% to 4.25% for General Employees and 7% to 4.75% for Public Safety, depending on years of service.
Inflation	Not explicitly assumed
Cost of living adjustments	3.00% of the first \$14,000.
Mortality rates	<p>Pre-retirement rates reflect the RP-2000 Employees table projected to 2020 with Scale AA.</p> <p>Post retirement rates reflect the RP-2000 Healthy Annuitant table projected to 2015 with Scale AA.</p> <p>For disabled retirees, this table is set forward 2 years.</p>

**Long-term Expected Rate of Return**

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Best estimates of arithmetic real rates of return for each major class included in the pension plan's target asset allocation as of December 31, 2014, are summarized in the following table:

<b>Asset Class</b>	<b>Target Allocation</b>	<b>Long-Term Expected Rate of Return</b>
Domestic equity	40.00%	8.80%
International equity	15.00%	4.60%
Fixed income	25.00%	3.30%
Real estate	10.00%	6.70%
Timber	2.50%	5.30%
Alternatives - Private equity	5.00%	13.10%
Hedge Funds	2.50%	3.20%
Total	100.00%	

**TOWN OF TISBURY, MASSACHUSETTS**  
**Notes to the Financial Statements**  
**Year Ended June 30, 2015**

**Rate of Return**

For the year ended December 31, 2014, the annual money-weighted rate of return (which expresses investment performance), net of investment expense was 8.13%. The money-weighted rate of return considers the changing amounts actually invested during a period and weighs the amount of pension plan investments by the proportion of time they are available to earn a return during that period. The rate of return is then calculated by solving, through an iterative process, for the rate that equates the sum of the weighted external cash flows into and out of the pension plan investments to the ending fair value of pension plan investments.

**Discount Rate**

The discount rate used to measure the total pension liability was 7.75%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made based at the current contribution rates and that contributions from participating employers will be made in accordance with Section 22D and Section 22F of MGL Chapter 32. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**Sensitivity of the Net Pension Liability to Changes in the Discount Rate**

The following presents the Town's proportionate share of the net pension liability calculated using the discount rate of 7.75%. As well as what the Town's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.75%) or 1-percentage-point higher (8.75%) than the current rate:

	1% Decrease 6.75%	Current Discount Rate 7.75%	1% Increase 8.75%
Town's net pension liability	\$ 9,680,601	\$ 6,510,775	\$ 3,808,910

**D. Other Post Employment Benefits Payable**

**GASB Statement No. 45**

The cost of post employment benefits generally should be associated with the periods in which costs occur rather than in the future year when it will be paid. The Town adopted the requirements of GASB Statement No. 45 during the year ended June 30, 2009, and thus recognizes the cost of post employment benefits in the year when the employee services are received, reports the accumulated liability from prior years and provides information useful in assessing potential demands on the Town's future cash flows.

**Plan Description**

In addition to providing pension benefits as described on the following footnote, the Town provided post-employment health care and life insurance benefits for retired employees, their dependents and beneficiaries. The benefits, benefit levels, employee and employer contributions are governed by Massachusetts General Law chapter 32. As of the actuarial valuation date there are approximately 265 active and retired employees that meet the eligibility requirements. The plan does not issue a separate financial report.

**TOWN OF TISBURY, MASSACHUSETTS**  
**Notes to the Financial Statements**  
**Year Ended June 30, 2015**

**Funding Policy**

The contribution requirements of plan members and the Town are established pursuant to applicable collective bargaining and employment contracts. The required contribution is based on the projected pay-as-you-go financing requirements. For fiscal year 2015, the Town provided required contributions of \$694,066 towards the annual OPEB cost and of \$212,000 towards the OPEB trust, comprised of benefit payments made on behalf of retirees (net of reinsurance), administrative expenses and reinsurance payments, and net of retiree contributions.

**Annual OPEB Cost and Net OPEB Obligation**

The Town's annual other post employment benefit ("OPEB") cost (expense) is calculated based on the annual required contribution of the employer ("ARC"), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty (30) years. The following table shows the components of the Town's annual OPEB costs for the fiscal year, the amount actually contributed to the plan and changes in the Town's net OPEB obligation to the plan:

	<b>Town</b>	<b>Sewer</b>	<b>Water Works</b>	<b>Total</b>
Annual required contribution	\$ 1,739,308	\$ 11,307	\$ 83,796	\$ 1,834,411
Interest on net OPEB obligation	239,166	1,555	17,192	257,913
Adjustment to annual required contribution	(184,883)	(1,202)	(13,290)	(199,375)
Annual OPEB cost (expense)	1,793,591	11,660	87,698	1,892,949
Contributions made during the fiscal year	(621,029)	(4,038)	(68,999)	(694,066)
Contributions made to OPEB Trust	(212,000)	-	-	(212,000)
Increase in net OPEB obligation	960,562	7,622	18,699	986,883
Net OPEB Obligation - beginning of year	5,975,264	42,741	429,801	6,447,806
Net OPEB Obligation - end of year	\$ 6,935,826	\$ 50,363	\$ 448,500	\$ 7,434,689

The Town's annual OPEB cost, the percentage of the annual OPEB cost contributed to the plan, and the net OPEB obligation for the 2015 fiscal year and the two preceding years were as follows:

<b>Fiscal Year Ended</b>	<b>Annual OPEB Cost</b>	<b>Percentage Annual OPEB Cost Contributed</b>	<b>Net OPEB Obligation</b>
6/30/2015	\$ 1,892,949	47.87%	\$ 7,434,689
6/30/2014	\$ 1,972,684	49.50%	\$ 6,447,806
6/30/2013	\$ 1,880,940	45.99%	\$ 5,451,637

**Funded Status and Funding Process**

As of July 1, 2014, the most recent valuation date, the plan was 0.0% funded. The actuarial liability for benefits was \$26,493,228, and the actuarial value of assets was \$0.0 million, resulting in an unfunded actuarial accrued liability (UAAL) of \$26,493,228. The covered payroll (annual payroll of active employees covered by the plan) was \$9,283,083 and the ratio of the UAAL to the covered payroll was 285.4%.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future



**TOWN OF TISBURY, MASSACHUSETTS**  
**Notes to the Financial Statements**  
**Year Ended June 30, 2015**

employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contribution of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

The Schedule of Funding Progress, presented as Required Supplementary Information following the Notes to the Financial Statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the Actuarial accrued liabilities for benefits.

**Actuarial Methods and Assumptions**

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

The Town OPEB actuarial valuation as of July 1, 2014, used the projected unit credit method. The OPEB liability is currently unfunded and the actuarial assumptions include a 4.0% investment return assumption, which is based on the expected yield on the assets of the Town, calculated based on the funded level of the plan at the valuation date, and an annual medical/drug cost trend rate of 8% in year one trending down by 1% per year to an ultimate rate of 5%.

The unfunded actuarial accrued liability is being amortized over 30 years, with amortization payments increasing a 4.5% per year. The remaining amortization period at June 30, 2015 is 24 years.

**Trust Fund**

The Town did establish a trust fund in order to contribute funds to reduce the future OPEB liability. As of June 30, 2015, the trust balance is \$492,995.

**E. Implementation Of New GASB Pronouncements**

The GASB issued Statement No. 67, *Financial Reporting for Pension Plans* and Statement No. 68, *Accounting and Financial Reporting for Pensions* for implementation in fiscal year 2015. The Town's basic financial statements recognize a net pension asset/(liability) and pension revenue/(expense) for the Town's portion of the Worcester Regional Retirement System actuarial accrued liability.

**F. Future GASB Pronouncements**

Management is currently assessing the impact the implementation of the following pronouncements will have on the basic financial statements.

The GASB issued Statement No. 72, *Fair Value Measurement and Application*, for implementation in 2016.

The GASB issued Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*, for implementation in 2016.

**TOWN OF TISBURY, MASSACHUSETTS**  
**Notes to the Financial Statements**  
**Year Ended June 30, 2015**

**5. RESTATEMENT**

As required by GASB Statement No. 67 and Statement No. 68; the net position as of June 30, 2014 for governmental activities and business-type activities has been restated to reflect the pension liability. Restatement is as follows;

	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Totals</b>
Net position June 30, 2014	\$ 21,897,377	\$ 14,506,439	\$ 36,403,816
<i><u>Adjustments:</u></i>			
Pension liability	(6,371,358)	(474,412)	(6,845,770)
Net position restated June 30, 2014	<u>\$ 15,526,019</u>	<u>\$ 14,032,027</u>	<u>\$ 29,558,046</u>

## **REQUIRED SUPPLEMENTARY INFORMATION**

**TOWN OF TISBURY, MASSACHUSETTS**  
**Required Supplementary Information**  
**Pension Plan Schedules**  
**Dukes County Contributory Retirement System**  
**For the Year Ended June 30, 2015**

The Schedule of Proportionate Share of the Net Pension Liability represents multiyear trend information relating to the Town's proportion of the net pension liability and related ratios.

**Schedule of the Town's Proportionate Share of the Net pension:**

	<u><b>12/31/2014</b></u>
Town's proportion of the net pension liability (asset)	18.063%
Town's proportionate share of the net pension liability (asset)	\$ 6,510,775
Town's covered employee payroll **	\$ 6,296,756
Net pension liability percentage of covered-employee payroll	103.40%
Plan fiduciary net position as a percentage of the total pension liability	76.17%

Note: these schedules are intended to present information for 10 years. Until a 10-year trend is compiled, the information is presented for those years of which the information is available.

\*\* Indicates covered employee payroll as reported in the retirement system January 1, 2014 funding valuation report.

**TOWN OF TISBURY, MASSACHUSETTS**  
**Required Supplementary Information**  
**Pension Plan Schedules**  
**Dukes County Contributory Retirement System**  
**For the Year Ended June 30, 2015**

The Schedule of the Employer Contributions presents multiyear trend information on the Town's required and actual payments to the pension plan and related ratios.

**Schedule of the Town's Contributions (dollar amounts expressed in thousands):**

	<u><b>12/31/2014</b></u>
Actuarially determined contribution @	\$ 1,015,376
Less: Contributions in relation to the actuarially determined contribution	<u>(1,015,376)</u>
Contribution deficiency (excess)	<u>\$ -</u>
Town's covered employee payroll **	\$ 6,296,756
Contributions percentage of covered-employee payroll	16.1%

Note: these schedules are intended to present information for 10 years.  
Until a 10-year trend is compiled, the information is presented for those  
years of which the information is available.

@ Based on the results of the January 1, 2014 actuarial valuation (including  
assumptions and methods) which determined the budgeted appropriations  
for fiscal year 2015.

\*\* Indicates covered employee payroll as reported in the retirement  
system January 1, 2014 funding valuation report.

**TOWN OF TISBURY, MASSACHUSETTS**  
**Required Supplementary Information**  
**Schedule of Funding Progress and Employer Contributions**  
**Other Post Employment Benefit Plan Schedule**  
**Year Ended June 30, 2015**

**Schedule of Funding Progress**

<b>Other Post Employment Benefits</b>							
<b>Actuarial Valuation Date</b>	<b>Actuarial Value of Assets (A)</b>	<b>Actuarial Liability (AAL) Entry Aid (B)</b>	<b>Unfunded AAL (UAAL) (B-A)</b>	<b>Funded Ratio (A/B)</b>	<b>Covered Payroll (C)</b>	<b>UAAL as a Percentage of Covered Payroll ((B-A)/C)</b>	
7/1/2014	\$ -	\$ 26,493,228	\$ 26,493,228	0%	\$ 9,283,083	285.4%	
7/1/2012	\$ -	\$ 26,139,147	\$ 26,139,147	0%	\$ 8,228,772	317.7%	
7/1/2010	\$ -	\$ 26,109,265	\$ 26,109,265	0%	\$ 8,365,265	312.1%	

**Schedule of Contribution Funding**

<b>Other Post Employment Benefits</b>			
<b>Fiscal Year Ended June 30</b>	<b>Annual Required Contributions</b>	<b>Actual Contributions Made</b>	<b>Percentage Contributed</b>
2015	\$ 1,892,949	\$ 906,066	47.87%
2014	\$ 1,972,684	\$ 976,515	49.50%
2013	\$ 1,880,940	\$ 865,023	45.99%

The information presented in the above Required Supplementary Schedule was determined as part of the actuarial valuation at the date indicated. Additional information as of the latest actuarial valuation can be found in the Notes to Basic Financial Statements.

**Actuarial Methods:**

Valuation date	July 1, 2014
Actuarial cost method	Projected Unit Credit Cost Method
Amortization method	Increasing 4.50% over 30 years on an open amortization period for partial pre-funding. Increasing at 4.50% over 30 years on a closed amortization period for full pre-funding.
Remaining amortization period	24 years

**Actuarial Assumptions:**

Investment rate of return	4.0%
Discount rate	4.0%, partially pre-funding and 7.5%, full pre-funding.
Medical/drug cost trend rate	8.0% in year one trending down by 1% per year to an ultimate rate of 5% per year

**Plan Membership:**

Current active members	158
Current retirees, beneficiaries and dependents	107
Total	<u>265</u>

## **SUPPLEMENTARY SCHEDULES**

**TOWN OF TISBURY, MASSACHUSETTS**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**NON-MAJOR GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2015**

	<b>Fund Balances</b> <b>July 1, 2014</b>	<b>Revenues</b>	<b>Expenditures</b>	<b>Other Financing</b> <b>Sources (Uses)</b>	<b>Fund Balances</b> <b>June 30, 2015</b>
<b>Special Revenue:</b>					
<b>Federal and State Grants:</b>					
Clean Vessel Act	\$ 315	\$ 17,000	\$ 17,315	\$ -	\$ -
Council on Aging Grants	10,357	7,520	10,981	-	6,896
Energy Grants	35,231	39,126	6,776	-	67,581
Highways	-	21,541	21,541	-	-
Library Grants	5,924	6,337	6,324	-	5,937
Other Grants and Programs	-	1,611	649	(962)	-
Public Safety Grants	4,365	4,435	4,435	-	4,365
Septic Administration Grant	9,840	-	-	-	9,840
<b>Schools:</b>					
School Lunch Program	49,961	95,778	95,441	-	50,298
School Lunch Commodities	-	4,942	4,942	-	-
School Choice Tuition	40,499	114,178	127,677	-	27,000
School Revolving	11,507	21,828	10,984	-	22,351
Special Education Reimbursement Fund	-	22,318	21,844	-	474
<b>Other:</b>					
Ambulance Transport Fund	43,809	-	-	-	43,809
Cable Television Franchise Fee	22,187	137,711	115,524	-	44,374
Community Preservation Fund	1,722,822	770,504	428,620	(25,000)	2,039,706
Gifts and Donations	47,114	27,455	17,767	-	56,802
Insurance reimbursements	-	4,162	4,088	(74)	-
Landfill Trash Fees	105,775	60,919	-	(121,634)	45,060
Library Book Replacement	721	1,508	1,630	-	599
Police Off-Duty	(2,989)	73,157	73,157	-	(2,989)
Premium and Interest on Bonds	136,006	56,637	50,620	(53,947)	88,076
Parks and Recreation Revolving	1,230	5,821	-	-	7,051
Tashmoo Spring Building Revolving	12,516	6,900	3,789	-	15,627
Sale of Cemetery Lots	112,859	5,512	-	-	118,371
Septic System Repair Programs	22,873	35,543	2,050	94,779	151,145
Steamship Authority Ferry Embarkation Fees	263,463	247,802	-	(232,970)	278,295
Transfer Station Fund	724,936	47,419	1,890	-	770,465
Waterways Fund	208,860	124,757	-	(112,339)	221,278
<b>Total Special Revenue Page 64</b>	<b>\$ 3,590,181</b>	<b>\$ 1,962,421</b>	<b>\$ 1,028,044</b>	<b>\$ (452,147)</b>	<b>\$ 4,072,411</b>



**TOWN OF TISBURY, MASSACHUSETTS  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
NON-MAJOR GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2015**

	<b>Fund Balances July 1, 2014</b>	<b>Revenues</b>	<b>Expenditures</b>	<b>Other Financing Sources (Uses)</b>	<b>Fund Balances June 30, 2015</b>
<b>Continued from Page 64</b>	\$ 3,590,181	\$ 1,962,421	\$ 1,028,044	\$ (452,147)	\$ 4,072,411
<b>Special Revenue (Continued):</b>					
<b>Other (Continued):</b>					
Municipal Insurance Fund	10,042	24	15,184	5,000	(118)
Municipal Housing Fund	85,685	193	784	60,000	145,094
Shellfish Fund	76,547	21,067	4,518	-	93,096
Sick Leave Buy Back Fund	113,753	292	14,790	100,000	199,255
Unemployment Fund	(19,843)	55	24,645	20,000	(24,433)
Water Street Parking Lot Fund	156,086	10,226	-	-	166,312
<b>Total Special Revenue Funds</b>	<b>4,012,451</b>	<b>1,994,278</b>	<b>1,087,965</b>	<b>(267,147)</b>	<b>4,651,617</b>
<b>Capital Projects:</b>					
Annex Relocation	10,500	-	-	-	10,500
Connector Road	22,138	-	-	-	22,138
Dredging	(403,886)	-	3,352	500,000	92,762
Department of Public Works Equipment	-	-	216,436	350,000	133,564
Front End Loader	143	-	-	-	143
Emergency Facility Construction	182,978	-	66,345	-	116,633
Lake Street Bulkhead	(4,695)	-	-	75,000	70,305
Land Acquisition-Aquifer	4,689	-	-	-	4,689
Landfill	60,449	-	-	-	60,449
Lighting Improvements	10,488	-	-	-	10,488
Park and Ride System	-	-	-	125,000	125,000
Paving and Resurfacing Roads	2,073	-	-	-	2,073
Police/Ambulance Facility	4,038	-	-	-	4,038
School Heating and Plumbing	-	-	19,315	37,967	18,652
School Roof Repair	52,214	-	252,874	267,033	66,373
Sidewalk Construction	7,578	-	-	-	7,578
Tashmoo Beach Restrooms	16,635	-	-	-	16,635
Underground Utilities	47,804	-	-	-	47,804
Veterans Park	250	-	-	-	250
<b>Total Capital Projects</b>	<b>\$ 13,396</b>	<b>\$ -</b>	<b>\$ 558,322</b>	<b>\$ 1,355,000</b>	<b>\$ 810,074</b>

**TOWN OF TISBURY, MASSACHUSETTS**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**NON-MAJOR GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2015**

	<b>Fund Balances</b> <b>July 1, 2014</b>	<b>Revenues</b>	<b>Expenditures</b>	<b>Other Financing</b> <b>Sources (Uses)</b>	<b>Fund Balances</b> <b>June 30, 2015</b>
<b>Perpetual Permanent Funds:</b>					
A&P Supermarket Parking Lot Escrow	\$ 100,000	\$ -	\$ -	\$ -	\$ 100,000
Cemetery	307,612	16,538	-	-	324,150
Library	167,598	-	-	-	167,598
<b>Total Perpetual Permanent Funds</b>	<b>575,210</b>	<b>16,538</b>	<b>-</b>	<b>-</b>	<b>591,748</b>
<b>Permanent Funds:</b>					
A&P Supermarket Parking Lot Escrow	18,647	175	-	-	18,822
Cemetery	571	1,950	1,367	-	1,154
Nancy Hamilton Fund	31,030	45	-	-	31,075
Luce Fund	297,063	157,698	54,149	-	400,612
Library	10,115	262	300	-	10,077
<b>Total Permanent Funds</b>	<b>357,426</b>	<b>160,130</b>	<b>55,816</b>	<b>-</b>	<b>461,740</b>
<b>Total - Non-Major Governmental Funds</b>	<b>\$ 4,958,483</b>	<b>\$ 2,170,946</b>	<b>\$ 1,702,103</b>	<b>\$ 1,087,853</b>	<b>\$ 6,515,179</b>

**TOWN OF TISBURY, MASSACHUSETTS  
SCHEDULE OF REAL ESTATE, PERSONAL PROPERTY,  
DEFERRED PROPERTY AND ROLLBACK TAXES  
JULY 1, 2014 TO JUNE 30, 2015**

	Uncollected Taxes July 1, 2014	Commitments	Abatements and Adjustments	Collections Net of Refunds and Overpayments	Uncollected Taxes June 30, 2015	Taxes Per Detail June 30, 2015
<b>Real Estate Taxes:</b>						
Levy of 2015	\$ -	\$ 21,239,970	\$ 283,380	\$ 20,512,024	\$ 444,566	\$ 444,566
Levy of 2014	484,137	-	92,726	289,778	101,633	101,633
Levy of 2013	193,464	-	103,354	54,320	35,790	35,790
Levy of 2012	101,456	-	100,497	959	-	-
Levy of 2011	50,391	-	50,379	12	-	-
Prior Years	4,720	-	4,720	-	-	-
	<u>834,168</u>	<u>21,239,970</u>	<u>635,056</u>	<u>20,857,093</u>	<u>581,989</u>	<u>581,989</u>
<b>Personal Property Taxes:</b>						
Levy of 2015	-	358,484	7,548	336,893	14,043	14,043
Levy of 2014	15,128	-	-	6,852	8,276	8,276
Levy of 2013	9,473	-	-	1,866	7,607	7,607
Levy of 2012	7,609	-	-	793	6,816	6,816
Levy of 2011	11,801	-	-	679	11,122	11,122
Prior Years	88	-	83	-	5	5
	<u>44,099</u>	<u>358,484</u>	<u>7,631</u>	<u>347,083</u>	<u>47,869</u>	<u>47,869</u>
<b>Deferred Property Taxes</b>	<u>25,079</u>	<u>1,772</u>	<u>-</u>	<u>5,791</u>	<u>21,060</u>	<u>21,060</u>
<b>Rollback Taxes</b>	<u>41</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>41</u>	<u>-</u>
<b>Total Real Estate, Personal Property Deferred Property and Rollback Taxes</b>	<u>\$ 903,387</u>	<u>\$ 21,600,226</u>	<u>\$ 642,687</u>	<u>\$ 21,209,967</u>	<u>\$ 650,959</u>	<u>\$ 650,918</u>

**TOWN OF TISBURY, MASSACHUSETTS  
SCHEDULE OF COMMUNITY PRESERVATION SURCHARGES  
JULY 1, 2014 TO JUNE 30, 2015**

	Uncollected Taxes July 1, 2014	Commitments	Abatements and Adjustments	Collections Net of Refunds and Overpayments	Uncollected Taxes June 30, 2015	Taxes Per Detail June 30, 2015
<b>Non-Major Governmental Funds:</b>						
<b>Community Preservation Surcharges:</b>						
Levy of 2015	\$ -	\$ 561,100	\$ 8,123	\$ 539,501	\$ 13,476	\$ 13,476
Levy of 2014	14,088	-	2,352	9,362	2,374	2,374
Levy of 2013	3,482	-	2,029	938	515	515
Levy of 2012	1,787	-	2,002	(215)	-	-
Levy of 2011	204	-	357	(153)	-	-
Prior Years	66	-	66	-	-	-
<b>Total Community Preservation Surcharges</b>	<b>\$ 19,627</b>	<b>\$ 561,100</b>	<b>\$ 14,929</b>	<b>\$ 549,433</b>	<b>\$ 16,365</b>	<b>\$ 16,365</b>

**TOWN OF TISBURY, MASSACHUSETTS  
SCHEDULE OF MOTOR VEHICLE AND VESSEL EXCISE TAXES  
JULY 1, 2014 TO JUNE 30, 2015**

	Uncollected Taxes July 1, 2014	Commitments	Abatements and Adjustments	Collections Net of Refunds and Overpayments	Uncollected Taxes June 30, 2015	Uncollected Taxes Per Detail June 30, 2015
<b>Motor Vehicle Excise Taxes:</b>						
Levy of 2015	\$ -	\$ 793,131	19,344	\$ 668,316	\$ 105,471	\$ 105,471
Levy of 2014	80,027	89,985	25,628	115,183	29,201	29,201
Levy of 2013	30,179	-	2,473	13,045	14,661	14,661
Levy of 2012	13,878	-	107	3,507	10,264	10,264
Levy of 2011	9,329	-	-	841	8,488	8,488
Prior Years	55	-	-	55	-	-
	<u>133,468</u>	<u>883,116</u>	<u>47,552</u>	<u>800,947</u>	<u>168,085</u>	<u>168,085</u>
<b>Vessel Excise Taxes:</b>						
Levy of 2015	-	38,643	990	30,304	7,349	7,349
Levy of 2014	7,205	-	590	302	6,313	6,313
Levy of 2013	5,581	-	230	165	5,186	5,186
Levy of 2012	4,570	-	70	15	4,485	4,485
Levy of 2011	3,138	-	64	21	3,053	3,053
Prior Years	-	-	-	-	-	-
	<u>20,494</u>	<u>38,643</u>	<u>1,944</u>	<u>30,807</u>	<u>26,386</u>	<u>26,386</u>
<b>Total Motor Vehicle and Vessel Excise Taxes</b>	<u>\$ 153,962</u>	<u>\$ 921,759</u>	<u>\$ 49,496</u>	<u>\$ 831,754</u>	<u>\$ 194,471</u>	<u>\$ 194,471</u>

**TOWN OF TISBURY, MASSACHUSETTS  
SCHEDULE OF TAX LIENS  
JULY 1, 2014 TO JUNE 30, 2015**

	Uncollected Accounts July 1, 2014	Commitments	Abatements and Adjustments	Collections Net of Refunds and Overpayments	Uncollected Accounts June 30, 2015	Uncollected Accounts Per Detail June 30, 2015
<b>General Fund:</b>						
<b>Tax Liens</b>	\$ 471,728	\$ 560,693	\$ -	\$ 239,903	\$ 792,518	\$ 792,518
<b>Non-Major Governmental Funds:</b>						
<b>Community Preservation:</b>						
<b>Tax Liens</b>	\$ 7,071	\$ 10,232	\$ -	\$ 1,973	\$ 15,330	\$ 15,330

**TOWN OF TISBURY, MASSACHUSETTS  
SCHEDULE OF DEPARTMENTAL RECEIVABLES  
JULY 1, 2014 TO JUNE 30, 2015**

	Uncollected Accounts July 1, 2014	Commitments	Abatements and Adjustments	Collections Net of Refunds and Overpayments	Uncollected Accounts June 30, 2015	Uncollected Accounts Per Detail June 30, 2015
<b>General Fund:</b>						
<b>Ambulance</b>	\$ 209,244	\$ 609,459	\$ 335,569	\$ 243,183	\$ 239,951	\$ 239,951
<b>Non-Major Governmental Funds:</b>						
<b>Moorings Receivable:</b>						
Levy of 2015	-	113,520	-	102,741	10,779	10,779
Levy of 2014	9,653	-	1,512	6,573	1,568	1,568
Prior Years	29,046	-	-	-	29,046	29,046
	<u>38,699</u>	<u>113,520</u>	<u>1,512</u>	<u>109,314</u>	<u>41,393</u>	<u>41,393</u>
<b>Septic System Repair Program Loans:</b>						
Program one	83,241	-	-	7,421	75,820	75,820
Program two	193,886	2,050	-	28,122	167,814	167,814
	<u>277,127</u>	<u>2,050</u>	<u>-</u>	<u>35,543</u>	<u>243,634</u>	<u>243,634</u>
<b>Total Departmental Receivables</b>	<u>\$ 525,070</u>	<u>\$ 725,029</u>	<u>\$ 337,081</u>	<u>\$ 388,040</u>	<u>\$ 524,978</u>	<u>\$ 524,978</u>

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED  
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

To the Honorable Board of Selectmen  
Town of Tisbury, Massachusetts

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Tisbury, Massachusetts, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Town of Tisbury, Massachusetts' basic financial statements, and have issued our report thereon dated January 15, 2016.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Town of Tisbury, Massachusetts' internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town of Tisbury, Massachusetts' internal control. Accordingly, we do not express an opinion on the effectiveness of the Town of Tisbury, Massachusetts' internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Town of Tisbury, Massachusetts' financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.



**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Scanlon and Associates, LLC*

Scanlon & Associates, LLC  
South Deerfield, Massachusetts

January 15, 2016